MANITOBA 2003

BUDGET SPEECH

Manitoba

BUILDING FOR THE FUTURE

The 2003 Manitoba Budget Address

The Honourable Gregory F. Selinger
Minister of Finance
April 22, 2003

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The 2003 Manitoba Budget Papers,
2003 Estimates of Expenditure,
2003 Estimates of Revenue,
2003 Manitoba Advantage,
the latest Quarterly Financial Report and
Highlights of Manitoba's Recent Economic Performance

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Offert en français.

Printed on recycled paper.

ISSN 0380-4488

THE 2003 MANITOBA BUDGET ADDRESS

CONTENTS

INVESTING IN OUR YOUTH 2

MOVING AHEAD ON HEALTH CARE 4

REBUILDING MEDICARE 7

SUPPORTING CHILDREN AND FAMILIES 7

SAFER COMMUNITIES 9

THE MANITOBA ECONOMY: STRENGTH IN DIVERSITY 10

RAISING AND RETAINING CAPITAL 11

GROWING THROUGH IMMIGRATION 12

BUILDING THROUGH RESEARCH AND INNOVATION 13

BUILDING ON OUR ENERGY ADVANTAGE 14

WATER POLICY ACROSS THE PROVINCE 14

TRANSPORTATION 15

RURAL MANITOBA 15

NORTHERN AND ABORIGINAL COMMUNITIES 17

URBAN INITIATIVES 18

CULTURE, HERITAGE AND TOURISM 19

ENVIRONMENTAL STEWARDSHIP 20

CONNECTING TO THE FUTURE 21

NEW TAX REDUCTIONS 21

BUSINESS TAXES 22

A RESPONSIBLE FISCAL PLAN 23

CONCLUSION 25

Also available

THE BUDGET PAPERS (in one volume)

- Budget Paper A – The Economy
- Budget Paper B – Financial Review and Statistics
- Budget Paper C – Financing Health Care
- Budget Paper D – Taxation Adjustments

THE MANITOBA ADVANTAGE

MANITOBA'S ACTION STRATEGY FOR ECONOMIC GROWTH

BUILDING FOR THE FUTURE

Mr. Speaker, I am proud to present the 2003 Manitoba Budget – a Budget that is balanced, that reduces taxes, that pays down the debt, and that invests for our future.

In times of uncertainty, we recognize the value of working together to build the foundations for a stronger, safer Manitoba – a welcoming, affordable place to live and do business. Four years ago, we started a new growth strategy for Manitoba. Budget 2003 continues our priority commitments to education, health care and innovation – the foundations of building a stronger and brighter future for Manitobans.

A steady pattern of economic growth is already paying dividends.

- We are one of only two provinces to achieve four consecutive years of private investment growth. Private investment has increased 13.8% since 1999.
- From September 1999 through the end of last year, Manitoba created an average of over 8,000 jobs per year compared to less than 3,000 jobs per year in the previous decade.
- Recently, Moody's Investors Service upgraded our Province's credit rating to Aa2 based on "solid economic growth, balanced budgetary performance and a reduced debt burden."

- Over the past four years, our unemployment rate and youth unemployment rate have consistently been the lowest or second-lowest in Canada.
- More youth are working in Manitoba today than at any time during the last decade, reversing the negative trend in youth employment that began in 1990.
- The number of Manitobans receiving income assistance has declined by 8.1% since 1999.

We are one of only two provinces to achieve four consecutive years of private investment growth.

- Since 1999, we have committed $384 million to the reduction of debt and pension liabilities.
- This year, our net General Purpose Debt relative to GDP will be at its lowest level since 1982/83, following an 18% reduction in the past four years.
- Between 1999 and 2002, farm cash receipts increased by 27% – the best performance in Canada.

I am pleased to report that the forecasts for Manitoba growth continue to be positive.

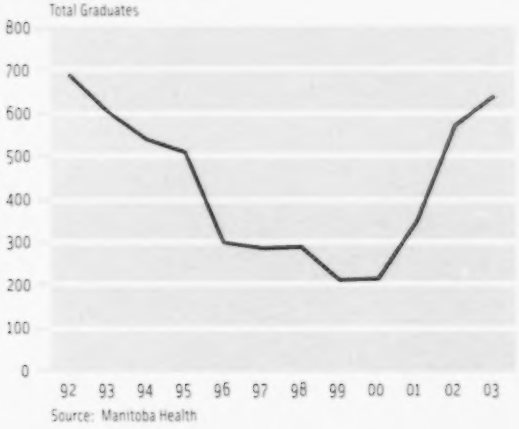
- Real economic growth is forecast at 3.2% this year – the third-strongest in Canada.
- The Conference Board projects our unemployment rate will decline again this year, and will be the lowest in Canada for the second year running.

Mr. Speaker, we have built a firm economic foundation, but there is more work to do. This Budget provides the tools Manitobans need to improve their lives now, and charts a path to an even more secure future.

Investing in our Youth

Our economic strategy is, first and foremost, an education strategy. To succeed economically, as individuals and as a province, we need a strong system of public education.

Nursing Graduates



Source: Manitoba Health

Four years ago, we committed to the principle that a college or university education should be within reach of every young person who meets the entrance requirements. To this end, we reduced and then held the line on undergraduate tuitions, provided more assistance to students, increased course offerings, and revitalized campuses.

Six hundred nurses will graduate this year, compared to 200 in 1999. More people are taking advanced aerospace training, following the creation of the Stevenson Aviation and Aerospace Training Centre. There are more apprentices and more Aboriginal students in training. With our new investments, more students are taking more courses in more locations throughout Manitoba.

Today's Budget continues to create opportunity for Manitoba students and youth. Budget 2003:

- increases funding for the College Expansion Initiative to over $22 million – providing $9.2 million more to revitalize and expand Manitoba colleges;
- provides funding for 1,350 students to attend Red River College's downtown campus this fall;
- increases capital funding for universities by 15.4%; our five-year $50 million contribution to the University of Manitoba's Building on Strengths campaign is being matched by over $100 million in private donations;
- directs funding toward the establishment of a University College of the North;

- boosts overall operating and program grants to universities by 2.9%; and
- keeps our tuition fees among the lowest in Canada.

This Government has made the most significant investment in modernizing post-secondary education in Manitoba since the 1960s.

The increase in operating and program funding, plus another reduction in university property taxes, provides Manitoba universities with the equivalent of a 4% increase in overall support.

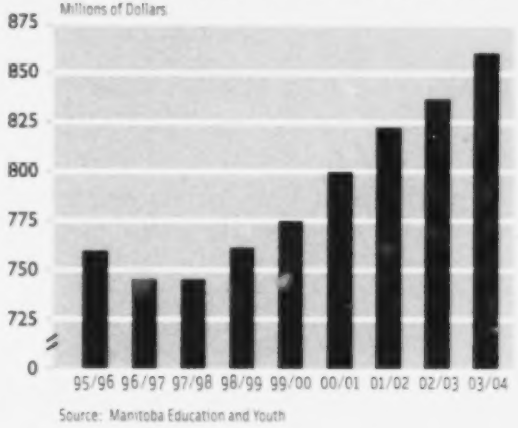
This Government has made the most significant investment in modernizing post-secondary education in Manitoba since the 1960s.

At the same time, we are strengthening our public school system.

- In 1999, we promised to increase funding to Manitoba schools at the rate of economic growth; we delivered.
- In 1999, we promised to increase property tax credits to $400 for every homeowner and renter; we delivered.
- In 1999, we promised to begin phasing out the Residential Education Support Levy; we delivered.

Over the past three years, we have also committed $200 million to capital projects to renew and rebuild our schools.

Funding Announcements to Public Schools



Source: Manitoba Education and Youth

Budget 2003 adds to our investments in education.

- For the fourth straight year, we are significantly increasing public school funding by providing an additional $23.8 million.
- Over $50 million will be committed to renovating and rebuilding public schools in Manitoba in the coming year.
- We are creating a $1 million fund to address issues of class size and composition.

As a result of our commitment to schools, education, and training, more doors are being opened to young Manitobans. At the same time, homeowners are getting property tax relief after a decade of steady increases.

Moving Ahead on Health Care

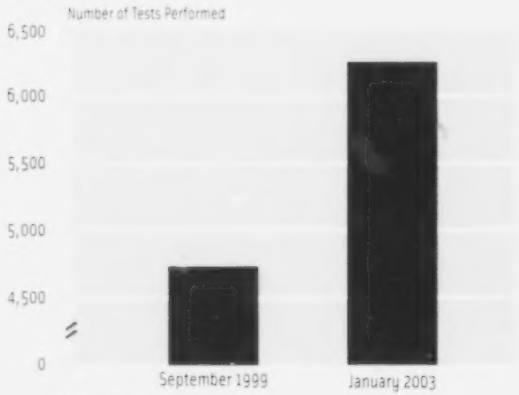
Rebuilding the public health care system remains our Government's top priority. In 1999, Manitobans faced a triple threat to health care. We were training too few nurses, doctors and other professionals to meet the health needs in our communities. Scheduled capital and equipment projects had been postponed, re-announced and then postponed again. Significant negotiated salary increases had no budgetary support. The result was gaps in service, hallway medicine as a routine practice, and lengthy waits for tests and operations.

The number of doctors in Manitoba has increased each year since 1999, reversing a period of decline.

We took immediate action, and we are now seeing the results of these ongoing training investments in our health sector.

- We have added 500 additional spaces to train technologists, therapists, and health care aides.

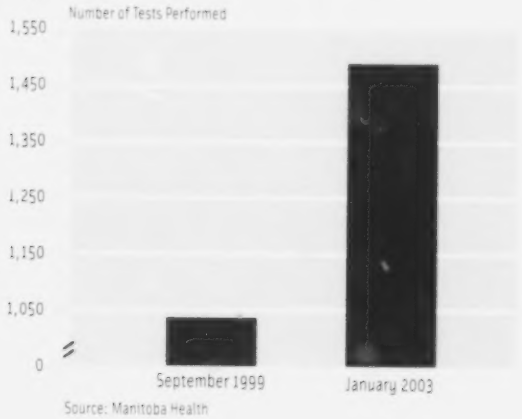
CT Scans



Source: Manitoba Health

- There are now over 1,300 more students enrolled in nursing following the strategic expansion in 1999.
- The number of doctors in Manitoba has increased each year since 1999, reversing a period of decline. According to the most recent data, there are 2,122 licensed doctors in Manitoba – 85 more than in 1999.
- We funded over 20% more spaces in Manitoba's medical school, and with new loan incentives, ensured that more of the doctors we graduate will be practicing in our communities.
- Through expanded home care service, improved patient management, a new flu vaccination program and – above all – the hard work of our front line health care professionals, hallway medicine has been reduced by 80%.

MRI



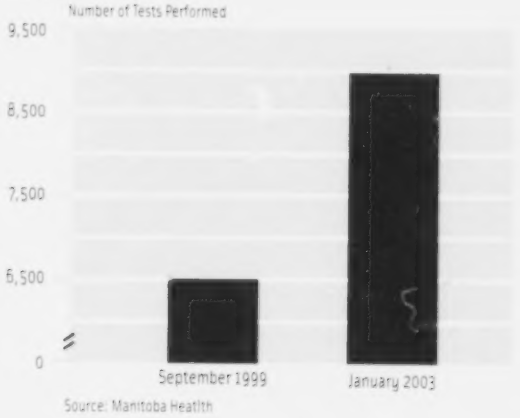
Source: Manitoba Health

- We have implemented a strategic rebuilding program, including hospital expansions and major equipment purchases for communities such as Brandon, Thompson, Neepawa, Beausejour, Gimli, Island Lake, and Swan River.

Working with the dedicated staff at CancerCare Manitoba, we have reduced by half the wait time for cancer radiation therapy.

- We created a province-wide network of 24 Telehealth sites that allow our doctors to consult through video conferencing on diagnoses and treatments.

Ultrasound



Source: Manitoba Health

- Working with the dedicated staff at CancerCare Manitoba, we have reduced by half the wait time for cancer radiation therapy.
- The recently announced Prostate Awareness Campaign is the first of its kind in Canada.
- By training and hiring more technologists and by extending the hours of operation, we have increased by over 40% the number of vital tests performed.
- We have five new CT scanners and, for the first time, we will have an MRI outside of Winnipeg.

As a result of major investments in upgrading health care facilities:

- Manitobans have increased access to day surgery and outpatient service, thereby making more hospital beds available; and

- more surgeries are being performed in rural and Northern hospitals.

As we make these improvements, front line health care professionals are playing a key role in the design of new health care facilities. Thanks to the advice of medical staff at Brandon Regional Health Centre, the redevelopment of operating rooms has made possible a significant increase in same-day service for patients.

Manitoba Health has distributed a new InfoHealth Guide to allow Manitobans to make better-informed health choices by letting them know what their publicly funded services are, where they are available, and where to get more information.

Budget 2003 continues support for recruiting and retaining more health care professionals by:

- improving working conditions through the Nursing Safety and Security Fund;
- providing additional funding for the Physician Resource Plan;
- financing the largest health capital project in the province's history at the Health Sciences Centre; it will include new adult and children's emergency departments, new operating rooms, new intensive care, post-anesthesia and coronary care units; and
- committing $47.1 million for needed medical equipment and training.

Budget 2003 builds on many of the strengths of the Manitoba health care system such as home care, community health centres and special initiatives to make our communities safer. Budget 2003 provides funds for:

- vital home care services;
- access centres that will provide health and community services in River East and Transcona;

Budget 2003 provides additional resources to Manitoba's nationally recognized West Nile Virus program.

- community health services provided through the Gimli Hospital redevelopment, and closer-to-home dialysis treatment in Island Lake;
- additional resources to Manitoba's nationally recognized West Nile Virus program; and
- meeting our commitment to reduce workplace injuries by 25%.

In recent years, most jurisdictions in Canada and the United States have increased tobacco prices. Over the past year, demand for tobacco products has dropped 20%, both in Manitoba and in Canada. Experience has shown that the price of cigarettes has a significant impact on youth smoking. As of midnight tonight, the tobacco tax rate will increase one cent per cigarette, to 15.5 cents. This measure will raise $7 million per year to support health care.

Rebuilding Medicare

Our Government is committed to the principles of the Romanow Report. It calls for more federal resources for health care reform. Additional federal funding announced following the release of the Romanow Report is a positive step forward. Every additional health care dollar coming to Manitoba under the new funding arrangement will be spent on health care. However, even with the additional dollars, the federal share of funding for health care and other social programs will now stand at 16%. Mr. Romanow recommended that the federal share of health costs be 25%.

We will work hard to continue health care improvements and we will be diligent in pursuing Mr. Romanow's funding target.

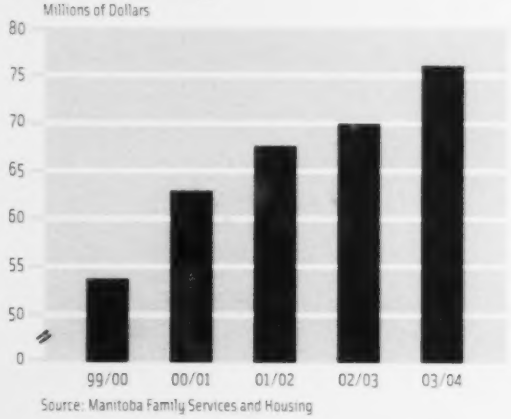
The shortfall in federal funding for health care reform will limit the pace of improvements to our health care system. We will work hard to continue our progress, and we will be diligent in pursuing Mr. Romanow's funding target.

Expenditure on prescription drugs continues to be one of the fastest-growing costs in the health care system. New federal funds will allow us to cover the cost of more drugs for Manitobans. However, without a national drug plan, these resources are not enough to address rising costs. Changes to the Pharmacare program this year include coverage for new drugs like Gleevec and Pegetron, effective May 1, and an increase in deductibles, effective July 1, 2003. For the majority of beneficiaries, this will mean an increase of between $1 and $5 per month. This Budget supports a projected 26% increase in Pharmacare costs this year.

Supporting Children and Families

All across the province, Manitobans are emphasizing the importance of child care. High-quality child care contributes to early childhood development, and helps families with young children find and hold jobs. In communities like Neepawa, expanding child care is also seen as a critical strategy for attracting and keeping young families.

Child Care Funding



Source: Manitoba Family Services and Housing

Over the past three years, we have:

- added 2,300 funded child care spaces – a 16% increase; and
- created an on-line directory to assist parents in finding child care spots.

Budget 2003 contributes an additional $6 million to our five-year plan for affordable, accessible and high-quality child care, bringing total Provincial support to $76 million. Funding for child care has increased by $22.3 million, or 41.5% over four years.

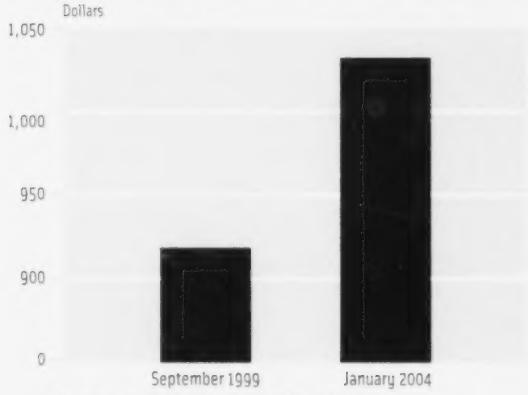
Budget 2003 continues the vital programs of Healthy Child Manitoba, which has:

- provided 5,000 mothers with financial assistance and nutrition education in the first year of its Healthy Baby program;
- restored and expanded parent-child programs – today, there are 26 across Manitoba;
- increased resources for Fetal Alcohol Syndrome prevention; and
- implemented the Healthy Schools Initiative to provide opportunities for schools and families to work with public health nurses to improve health outcomes.

In total, Budget 2003 will invest $115 million in early childhood development. With the continued support of the federal government, we are helping families meet the needs of today to ensure success into the future.

We are taking a historic step in Manitoba, and fulfilling an Aboriginal Justice Inquiry recommendation by providing authority for off-reserve First Nations and Métis communities to take responsibility for the welfare of their children.

Income Assistance Benefits Single Parent - Two Children (Ages 10 & 13)



Source: Manitoba Family Services and Housing

Last year, our Government funded a permanent Applied Behaviour Analysis (ABA) program for pre-school children with autism. Budget 2003 doubles the resources for the ABA program to accommodate all of the children currently on the waiting list.

In 1999, we promised to phase out the National Child Benefit clawback. This Budget ends the clawback for all families by January 1, 2004.

Income assistance remains an important part of the social safety net. This Budget increases general income assistance rates for individuals by 4.5% and by

an equivalent amount for persons with disabilities, effective January 2004. This will help pay for the costs of a phone to help in job searches, providing greater flexibility and dignity for citizens on assistance.

We are also changing income assistance regulations to allow persons with disabilities to establish trust funds that can be used to improve their quality of life without reducing their benefits.

Budget 2003 will also increase support for adults with mental disabilities and children with disabilities.

Safer Communities

Manitobans place a high priority on decent housing, vibrant neighbourhoods, and safe communities. Four years ago, we introduced a co-operative approach to community revitalization, forming partnerships with families, neighbourhood organizations, and other levels of government. In place of centralized programming, we created a community resources tool kit that residents can draw on to meet their goals.

- Neighbourhoods Alive! will invest $6.7 million in 2003/04 to revitalize older communities through community-based housing, employment, education, and safety initiatives.
- The Winnipeg Housing and Homelessness Initiative, a partnership of the Province with the City of Winnipeg and the federal government, will add to the 1,100 housing units approved for renovation and construction since 2000.
- Building Communities will continue with its $7 million plan to renew housing and infrastructure in older neighbourhoods.
- Our Lighthouses program will continue to provide young people with a safe place to play and study in more than 20 schools and community centres across Manitoba.

This is the largest investment in quality affordable housing in Manitoba in a decade.

This approach is starting to bear fruit. For example, since 1999, housing values in Winnipeg's North End and West End have increased by as much as 60%. Working with the City of Winnipeg and community groups, we have reversed a decade of decline in property values, but more work needs to be done.

Budget 2003 builds on our achievements. We are providing support for the new $50.8 million Affordable Housing Agreement with the federal government. This Agreement will deliver at least 2,500 housing units to low- and moderate-income families over the next five years.

I am pleased to report that this is the largest investment in quality affordable housing in Manitoba in a decade.

We are taking strong measures to deal with those who threaten the safety of our neighbourhoods. We are providing unprecedented levels of support to law enforcement across Manitoba.

- We are funding the RCMP up to full complement. We have increased funding for provincial policing by $13.2 million, or 23.6%, since 1999.
- We are expanding the Victims' Bill of Rights services to deal with offences against children, and we are appointing a new co-ordinator for child victim cases to ensure timely and effective prosecution of offences.
- We are countering bullying with the Safe Schools Manitoba program.
- Under new legislation, police can now apply to the courts to shut down businesses operating as fronts for organized crime.
- We have enhanced support to the Criminal Organization and High Risk Offenders Unit which targets gangs and predators.

Since 1999, our Government has increased the prosecutions budget by 58.7%. We are also improving access to family law related services by increasing funding for Family Law Legal Aid by 31% this year, and by providing two new regional family law lawyers.

Today's Budget also channels increased investment into joint police efforts to counter organized crime, adds new resources to address recommendations of the Aboriginal Justice Implementation Commission, and invests in a new Seniors' Home Security program.

The Manitoba Economy: Strength in Diversity

Achievements in health, education, and community development depend on a stable and growing economy. Our diversified economy has served us well during the current period of economic uncertainty.

Our economy created 9,100 jobs last year – 75% in the private sector.

- Manitoba had the lowest unemployment and youth unemployment rates in the country in 2002 – when a record 69.2% of working-age Manitobans participated in our labour market.
- Our economy created 9,100 jobs last year – 75% in the private sector.
- Retail sales were up 6.9%, the highest annual increase in five years.
- Manitoba's per capita personal disposable income increased 11% over the past three years.
- Merchandise exports to the U.S. increased in each of the last two years, at a time when Canadian exports to the U.S. were falling.

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Raising and Retaining Capital

Investments in Manitoba can deliver strong returns for investors and create new growth, opportunities and jobs for the benefit of all Manitobans.

Recent capital investments in Manitoba include:

- J.R. Simplot's $150 million investment in the first phase of a new potato processing plant in Portage la Prairie;
- Biovail Corporation's $25 million expansion of its biopharmaceutical facility in Steinbach;
- Monarch Industries' $13 million renovation and expansion of its Winnipeg facility; and
- Cormer Group Industries' $13 million expansion to increase its supply of precision machining services.

The Premier's Economic Advisory Council concluded that local investments have the potential to deliver returns to investors and provide diversification benefits. Working with the Advisory Council, we created a Local Investment Council focussing on capital retention to encourage local investments.

Our economic prosperity depends in part on putting our savings to work here at home. Our existing labour-sponsored investment funds, Crocus and Ensis, have been very successful in this regard. Their combined capital totals approximately $270 million, up from $122 million in 1999. Together, these funds have invested in over 80 Manitoba firms.

Today, I am pleased to announce that we are extending this approach from the Provincial level to the

Manitoba's Seven-point Action Strategy for Economic Growth

We build a brighter future when we work together. At the Manitoba Century Summit three years ago, educators, business leaders, labour leaders, and representatives of First Nations and Métis communities sat down to identify economic priorities. Those priorities were assessed by the Premier's Economic Advisory Council, whose members also reflect the diversity and strength of our province. The Premier's Economic Advisory Council's report forms the basis for Manitoba's Seven-point Action Strategy for Economic Growth.

The Action Strategy's seven priorities are:

- education first;
- building through research and innovation;
- raising and retaining capital;
- affordable government;
- growing through immigration;
- building our communities; and
- building on our energy advantage.

These priorities reinforce one another. Research and innovation require an educated work force. Capital and immigrants are attracted to communities with an effective and efficient administration. Our energy advantage plays an important role in ensuring that economic development takes place evenly across the province. This Budget reflects the Action Plan's priorities, and begins to implement the Premier's Economic Advisory Council recommendations.

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community level, by introducing the Community Enterprise Development Tax Credit. This Credit will provide Manitoba communities with further means to draw upon local savings to support local investment. Qualifying investments in individual community enterprises, or in pools that will invest in community enterprises, will be eligible for a 30% personal income tax credit on investments up to $30,000.

The Community Enterprise Development Tax Credit will provide Manitoba communities with further means to draw upon local savings to support local investment.

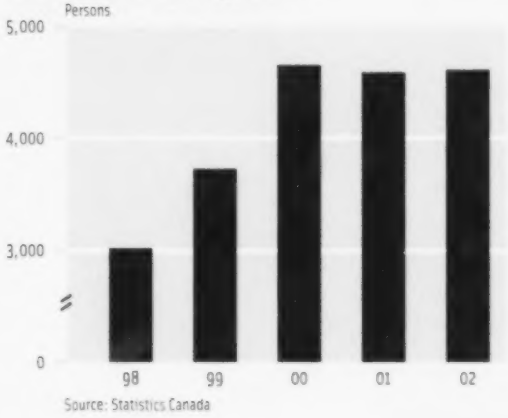
Following up on a recommendation from the Premier's Economic Advisory Council, the Government is working with communities and the private sector – both inside and outside our province – to promote a positive image of Manitoba to potential investors, vacationers, and immigrants.

The Province is establishing the Manitoba Ambassadors program, which will involve leaders in business, labour and education in promoting Manitoba. Ambassadors will use their own networks, expertise and participation in trade missions to raise the profile of trade, investment and tourism opportunities in Manitoba.

Growing Through Immigration

Over the last four years, immigration to Manitoba increased by over 50%, reaching 4,600 immigrants per year. This growth is critical to our economic future, and is a tribute to Manitoba's strategy of involving employers, labour, and community groups in immigration recruitment.

International Immigration



Source: Statistics Canada

Last November, Manitoba reached an agreement with the federal government to increase the number of immigrants who can come to Manitoba under the Provincial Nominee Program. A new agreement with the federal government and the City of Winnipeg also supports increased private refugee sponsorship to Manitoba.

Our target is to more than double the number of immigrants to 10,000 per year. Budget 2003 supports that goal by funding a new Manitoba Council on

Immigration, which will co-ordinate settlement supports and employment opportunities and, in co-operation with the federal government, increase funding for immigrant settlement services by over $718,000.

Building Through Research and Innovation

Research and innovation are key to continued growth and increased economic productivity. In fact, expenditures in research and development now account for about 1.2% of GDP – fourth-highest among the provinces.

Last year, we created a new Department of Energy, Science and Technology, to focus on knowledge-based sectors and the development of a clean energy economy.

Provincial support for research and innovation includes:

- $9 million for the Richardson Centre for Functional Foods and Nutraceuticals;
- $5 million for the I.H. Asper Clinical Research Institute at St. Boniface General Hospital; and
- an $8 million contribution for the renovation and expansion of the Portage la Prairie Food Development Centre.

Budget 2003 builds on these investments by:

- increasing the amount available through the Manitoba Research and Innovation Fund;
- supporting a new biotech training strategy in partnership with Red River College and Biovail; and
- continuing to support private research and development through the Manitoba Research and Development Tax Credit.

We are working with Manitoba communities and businesses to promote the use of the Internet for commerce and education.

We are working with Manitoba communities and businesses to promote the use of the Internet for commerce and education. A new e-commerce course is being offered by Red River College. And Internet access is being extended throughout the province.

- Our Community Connections program has created 600 public Internet sites and supported the Churchill Community Network, the first community-owned Internet service provider in Manitoba.
- Manitoba Telecom Services is expanding its Next Generation Service Program to approximately 60 Manitoba communities.
- The Provincial Data Network is being upgraded to enhance broadband access for hospitals and Provincial Government buildings.

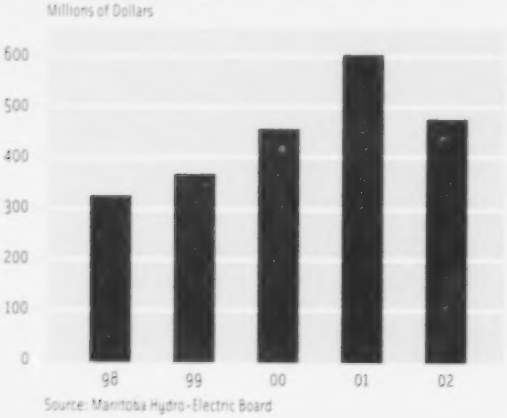
- Manitoba Hydro infrastructure is being used to provide Internet access where communities have identified a need.

Our Government service delivery innovations include Service Manitoba, Business Service Centres, and bilingual Community Service Centres.

Building on our Energy Advantage

Manitoba Hydro is a cornerstone of the Manitoba economy. Its low-cost, renewable, reliable electric power gives every business in Manitoba a competitive edge. Manitobans enjoy the lowest electricity rates in North America.

Manitoba Hydro Export Revenues



Source: Manitoba Hydro-Electric Board

Manitoba Hydro export sales are at their second-highest level in history. Recently, Manitoba Hydro renewed a contract with Xcel Energy in Minnesota that will result in $1.7 billion in export sales. Discussions are continuing with neighbouring provinces and the federal government on expanding the power transmission grid to increase exports.

Manitoba Hydro is considering the construction of three new generating stations in Northern Manitoba. Together, these would be the largest construction projects in Manitoba in decades. These mean significant long-term economic benefits for Northern Manitoba. Manitoba Hydro is working toward partnership agreements with First Nations to ensure that these communities share in the training opportunities, employment, and profits that hydro development brings.

Our publicly owned hydro utility will continue to play an important role in attracting investment to Manitoba, and creating quality jobs for young Manitobans.

Water Policy Across the Province

Our new water management and conservation policies address the unique concerns of each region in Manitoba. Key priorities are protecting the quality of our drinking water, drainage, and flood protection.

Our Government:

- created an Office of Drinking Water and increased monitoring of water quality;
- introduced a 70% subsidy for the testing of private drinking water;
- initiated ground-water testing of 1,000 wells in agricultural areas; and

• strengthened ring dikes in the Red River Valley.

Last year, the Province spent $10 million on drainage-related water projects in rural Manitoba. Budget 2003 increases spending on drainage initiatives by 10%.

Since April 2001, we have invested over $40 million in upgrades to drinking water and sewer systems throughout rural and Northern Manitoba.

Over the last three years, 45 Northern communities have benefited from improved drinking and waste water treatment resulting from a Provincial commitment of $26.2 million.

An expanded Floodway will create 3,500 jobs and protect against a one-in-700-year flood.

Protecting Manitobans from potential personal and business financial loss due to flooding is vital. This Budget will establish the Red River Floodway Authority to oversee the planning and construction of an expanded Floodway – a project that will create 3,500 jobs and protect against a flood with a one-in-700-years probability of occurrence.

The Province and federal government recently announced $160 million to begin the first phase of Floodway expansion, which will double the capacity of the existing Floodway, and will include dredging and riverbank stabilization north of the outlet.

Since the Flood of the Century, the Province and federal government have spent $110 million on flood protection outside Winnipeg, including an extensive community ring dike program which protects 1,800 homes and businesses in the areas such as Grande Pointe, Ste. Agathe, St-Pierre-Jolys and Emerson.

Transportation

In a province as large and geographically diverse as Manitoba, transportation is crucial to economic development and quality of life in each region. We are in the second year of a five-year, $600 million highway construction program – budgeting $120 million this year. This Budget also provides $68 million for highway maintenance.

Rural Manitoba

Agriculture and the rural landscape have undergone tremendous change over the past decade. We want to work in partnership to provide the framework and support within which rural Manitoba can adapt to this change and continue with diversification.

Conservation Districts have become highly effective partnerships between the Province, local municipalities, and farmers. Funded jointly by the Province and municipalities, the number of Conservation Districts has grown from nine to sixteen in just over three years.

The land managed by the Districts has grown by 40% in the same period. Conservation Districts are increasingly taking the lead in water management planning, and encouraging innovative farming and land management practices.

Our reduction in the taxable portion of farm property put $7 million annually back in the hands of producers. Since 2000, we have provided $220 million of disaster assistance, and have improved crop insurance coverage for excessive moisture to Manitoba farmers.

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Our Bridging Generations Initiative has provided $14.5 million to assist in intergenerational farm transfers and to support the next generation of young farm families. Since 1999, we invested over $9 million in rural projects, resulting in over $25 million in capital spending and 1,176 jobs.

Livestock is one of the fastest-growing areas of opportunity for Manitoba farmers, and is generating $250 million to $300 million in investment each year. We continue to work with industry and rural communities to ensure the environmental sustainability of the livestock industry in Manitoba.

This Budget maintains support for the Fisheries Enhancement Initiative and the Northern Fishermen's Freight Assistance program. We will work with all Manitobans whose livelihood depends on the fishery to ensure a sustainable industry.

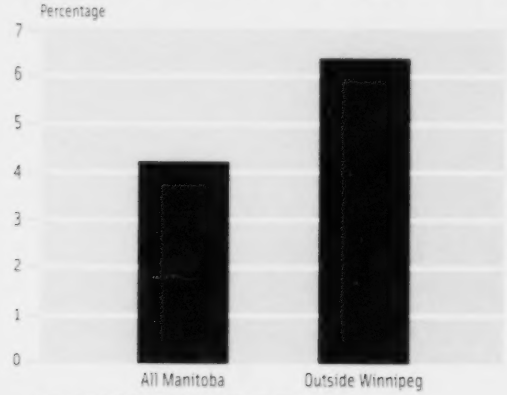
Budget 2003 continues to support agriculture and rural communities through:

- a 7.4% increase for risk management and farm support programs;
- $43 million for the new Net Income Stabilization Account (NISA) program;
- Hometown Manitoba, a new program supporting community-driven projects to build community pride by improving the appearance of public spaces and businesses;
- a new Operating Credit Guarantee program, which will leverage $60 million in private sector loans for farm operating expenses;
- funding to expand and renovate the Food Development Centre in Portage la Prairie;
- another $6.5 million contribution to the Prairie Grain Roads program;
- a 28% increase in capital grants to further expand the number of Conservation Districts;
- a two-year extension of the sales tax exemption on manure slurry tanks and lagoon liners; and
- support for an ethanol mandate that will create new markets for our grains, add jobs in rural Manitoba

communities, and generate high-protein co-products to benefit our livestock industry.

We are also committed to improving quality of life for rural residents through such specific new measures as increasing support to rural libraries by 13%, equalizing hydro rates, and providing resources to improve recreation centres in The Pas and Dauphin.

Increase in Medical Doctors, 1999 to 2002



Source: Manitoba College of Physicians and Surgeons

Budget 2003 will direct $35 million to municipalities outside of Winnipeg through the Provincial-Municipal Tax Sharing arrangement – a program of sharing revenue with local governments that is unique within Canada.

Our Government also recognizes that quality of life is about investing in education, the environment, and health care. Since 1999, we have recruited and retained more rural doctors, expanded rural home care, and provided 70 new ambulances. Last year, there were 530 licensed doctors in rural Manitoba, up from 498 in 1999.

Budget 2003 builds on these accomplishments by:

- installing new CT scanners in the Steinbach, Boundary Trails, and Selkirk hospitals;
- providing expanded dialysis services in Portage la Prairie, Island Lake/Garden Hill and Boundary Trails; and
- providing new equipment, such as a computerized radiographic system, and a chemistry analyzer for the Neepawa Hospital.

Northern and Aboriginal Communities

Manitoba's Northern Development Strategy is based on the conviction that the priorities, strengths and experiences of the people in the North must guide Northern development. Budget 2003 provides increased funding for Northern housing, employment and training, health, transportation, and economic development initiatives. In preparation for new hydro construction, we have already committed $10 million to pre-project training for Northerners. This is the first stage in a proposed $60 million training initiative developed between First Nations, the Governments of Manitoba and Canada, and Manitoba Hydro.

Budget 2003 fulfills our promise to fully restore Provincial grants to the Manitoba Association of Friendship Centres.

Transportation is of critical importance in the North, and is among the top priorities in our Northern Development Strategy. Budget 2003 underlines our commitment to upgrading transportation in the North by channeling $37 million for road construction and maintenance; $11.6 million for airport and marine operations, maintenance and capital; and $5.8 million for winter road operations.

We replaced the 24-year-old air ambulance with a newer $6.5 million air ambulance capable of responding to emergencies in weather situations beyond the older aircraft's capability.

To ensure dependable and vital air ambulance services to Northern communities, we replaced the 24-year-old air ambulance with a newer $6.5 million air ambulance capable of responding to emergencies in weather situations beyond the older aircraft's capability.

Mining remains a mainstay of the Northern economy. The most recent offering of our Mineral Exploration Assistance Program resulted in $15.2 million in private sector investment for mineral exploration. Last year, we supported 41 new exploration projects which were undertaken by 35 companies.

The Northern Forest Diversification Centre in The Pas has received national recognition for its work in assisting residents of Northern communities to harvest, process, and market non-timber forest products. Budget 2003 supports an expansion of the Centre's work.

We are committed to working in partnership with the Canadian Wheat Board and other stakeholders to increase shipping at the port of Churchill – the Prairies' only deep-sea port. Budget 2003 provides up to $1 million to ensure the continued operation of Canada's mid-continent gateway to the world.

Urban Initiatives

We are continuing with the revitalization and rebuilding of our urban communities. We have developed a dynamic set of partnerships with community organizations, the private sector, civic governments, and our universities and colleges.

Winnipeg is a vibrant and diverse capital city with world-class amenities and a tremendous quality of life. The Province is proud to work co-operatively with the City to build our downtown and urban neighbourhoods.

Major projects in Winnipeg include:

- completion of the Red River College downtown campus;
- the Millennium Library;
- True North Entertainment Centre;

- Waterfront Drive in the Exchange District;
- the expansion of CanWest Global Park; and
- a new downtown Manitoba Hydro headquarters.

To promote growth in our film and recording industries, this year we are increasing support by $1 million for Manitoba Film and Sound.

The Community Places program will receive a $500,000 increase to improve community recreation facilities across the province.

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Important community investments are being made in Brandon and Thompson. Downtown Brandon will soon have 77 more new or renovated rental housing units for families with low and moderate incomes, bringing the total number of revitalized housing units in the city to approximately 400.

The Province has also provided support for Brandon's future by expanding the Assiniboine Community College campus. We are currently supporting feasibility studies on future expansion options.

Through the Canada-Manitoba Infrastructure Program, we are supporting a new regional community centre in Thompson. In March, Neighbourhoods Alive! announced funding for a homeless shelter and a child care centre in Thompson.

Brandon's economy has benefited from:

- a $58 million capital construction project for Brandon Regional Health Centre – the largest investment in health care ever made in Western Manitoba;
- a Provincial Government commitment to multi-year funding for Brandon's Keystone Centre;
- Provincial Government support for Maple Leaf Foods to help the company meet its labour-force needs;
- a $3 million loan to ensure local ownership of McKenzie Seeds;
- a $5 million upgrade to the nursing facilities at Brandon University; and
- support for Smart Communities, which involves connecting communities in Manitoba to larger centres with the ultimate goal of providing resources and technology to remote, rural, and urban areas in Manitoba.

Culture, Heritage and Tourism

Strategies have been developed for marketing the rapidly growing adventure travel and eco-tourism industry, along with cultural, Aboriginal, and heritage attractions.

Funding for tourism marketing has been increased by $750,000 in Budget 2003 to maintain our competitive position in key markets, and to encourage fellow Manitobans to experience the many attractions here.

We are working with the Tourism Industry Advisory Committee on the development of a joint industry-Government tourism development strategy. A partnership delivery system will ensure that the economic and community benefits of tourism are realized.

Funding for tourism marketing has been increased by $750,000 to maintain our competitive position.

Manitoba's support for the arts is among the strongest in the country. This Budget provides an overall 6.1% increase to the Manitoba Arts Council. In partnership with the federal government and the City of Winnipeg, we are working to secure the future of the Winnipeg Symphony Orchestra.

Environmental Stewardship

Environmental stewardship is a priority in any constructive plan for the future. Manitoba has taken a leadership position on a number of key environmental issues.

A new provincial park will be added in addition to the Caribou River, Pembina Valley and Trappist Monastery Provincial Parks that we have announced recently. We have fully protected all or part of 21 Wildlife Management areas, and extended park reserve status to East Paint Lake and Manigotagan. Also, to support the eco-tourism industry, we have provided a grant to the Narcisse Snake Dens, and developed a Watchable Wildlife initiative.

We have committed ourselves to exceeding Kyoto Accord targets for the reduction of greenhouse gas emissions. The Kyoto Accord offers Manitoba a number of economic opportunities. We are a continental leader in the production of clean renewable energy. Our Action Plan on Climate Change will allow us to build on this advantage. The Plan is grounded in Hydro's investments in conservation and in generating stations with low environmental impact, and in our ethanol initiative. It encourages research and development of windpower, solar energy, hydrogen fuel cells and geothermal heat pumps. This diversification capitalizes on our strengths, creates local employment, and protects the environment.

We are broadening the Manufacturing Investment Tax Credit to include investment by businesses in equipment that uses energy more efficiently, or produces energy for the producer's own consumption from environmentally friendly sources such as windpower. This measure will make Manitoba firms more competitive by reducing energy costs, while also reducing pollution and helping to meet Canada's Kyoto targets.

A Provincial action plan to help protect Lake Winnipeg, including the establishment of a new Lake Winnipeg Stewardship Board, and new regulations to prevent erosion and reduce nutrient run-off, has recently been announced.

The Kyoto Accord offers Manitoba a number of economic opportunities.

We are continuing with the broad-based community planning process for the east side of Lake Winnipeg with the goal of improving transportation, and creating increased economic opportunity in a manner that is sustainable and fits with community goals and values.

We are building on our commitment to create over 1,000 new cottage lots and 1,900 new campsites by providing $750,000 for cottage lot development and campsite improvement inside and outside provincial parks.

Connecting to the Future

This Budget focusses on the priorities of Manitobans, maintaining a robust economy, and building a strong education and health care system. It also provides a connection to the future. In a turnaround from the 1990s, more young people are choosing to make Manitoba their home. This Budget provides a package of incentives to further encourage young people to remain in Manitoba, including:

- a new 10% tax credit – up to $1,000 per student – for employers providing work placements for co-op education students, a measure that encourages employers to attract students from recognized training programs from within and outside Manitoba;
- doubling the interest-free period on Manitoba Student Loans to one year from six months; and
- another significant personal income tax reduction for the middle-income tax bracket.

New Tax Reductions

Since Budget 2000, we have introduced meaningful and sustainable tax reductions each year. Today, I am pleased to announce further personal and business tax relief.

Highlights of our new personal income tax reductions include:

- lowering personal, middle-income tax rates by 6% in Budget 2003 – saving taxpayers almost $40 million annually; and
- bringing the total personal income tax reductions to $220 million since Budget 2000 – the largest four-budget reduction in Manitoba history.

In 2004, a single-earner family of four earning $60,000 will save more than $1,400 annually as a result of these reductions.

Our Government recognizes the particular burden faced by many seniors paying property taxes. I am pleased to announce today that the maximum Education Property Tax Credit for seniors will rise to $800 from $775. Seniors and other taxpayers will also benefit from other property tax cuts including:

- the continuing phase out of the Residential Education Support Levy (ESL), which has been cut by 27% over the past two years, now saves taxpayers $27 million annually; and
- the $150 increase in the Education Property Tax Credit which now saves taxpayers $53 million annually.

In 2003, our ESL reductions will save homeowners $119 on a $125,000 home. When combined with the $150 increase in the Tax Credit, this homeowner now saves more than $250 each year.

Together, our personal income and property tax cuts will save our citizens $300 million annually – this is significant tax relief for Manitobans and their families.

Business Taxes

In the last three years, small business tax rates fell by 37%. We have increased the amount of taxable income eligible for the small business income tax rate. We introduced the first cut in general corporation income taxes since the Second World War that continues through to 2005. As of January 1, 2004, the rate will drop to 15.5%.

Building upon our previous tax reductions for both small and large businesses, I am pleased to announce further tax relief for companies that are actively expanding their operations in Manitoba. Today's Budget:

- exempts all corporations from paying tax on their first $5 million of capital; this is designed to encourage investment by businesses of all sizes, and will be of particular benefit to small, growing firms which will now face much lower taxes when they cross the $5 million threshold; and

Value of the Education Property Tax Credit for Seniors, 1999 and 2003

Income	1999	2003	Increase
$15,000	$475	$650	$175
$20,000	$425	$600	$175
$25,000	$375	$550	$175
$30,000	$325	$500	$175
$35,000	$275	$450	$175
$40,000 and over	$250	$400	$150

- extends for three years the Manufacturing Investment Tax Credit, which has proven effective in promoting investment in our province's large and diversified manufacturing sector; this Credit has also been enhanced and now applies to businesses that invest in energy-efficient equipment.

A Responsible Fiscal Plan

For the 2002/03 fiscal year, we are projecting a positive balance of $4 million under the terms of balanced budget legislation and a debt repayment of $96 million. The 2002/03 draw from the Fiscal Stabilization Fund (FSF) of $77 million will be used entirely for the $96 million debt and pension repayment.

Budget 2003 projects a positive balance of $10 million under balanced budget legislation. For the fourth straight year, the Province will commit $96 million to paying down the debt and pension liability – with a draw of $48 million from the FSF to go toward our debt and pension liability.

We have balanced the budget in each year of our mandate – a balance that has been achieved at the same time as we have paid down debt and pension liabilities by $384 million. While other jurisdictions have run deficits and cancelled or suspended debt payments, we have continued to make significant progress in this area over four Budgets. Our Government is committed to improving efficiency and ensuring that taxpayer dollars are spent efficiently on our highest priority programs. A cross-departmental initiative will examine what we do and how we do it. In the coming year, departments will be challenged to justify their expenditures, to improve methods of operation, and to deliver the services Manitobans need most. This initiative will reduce costs and increase in-year savings.

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Over the past four years, accountability to Manitobans has been improved through more complete and transparent reporting. We have produced the first-ever Annual Report for Government – a critical piece in the accountability cycle – and introduced improved accounting practices for capital acquisitions. In addition to summary financial statements, we are now presenting annual summary budgets encompassing the entire Government reporting entity, including the 40-year unfunded pension liability.

The international financial community has recognized our prudent fiscal management over the past four years.

Earlier this year, Moody's Investors Service improved our credit rating from Aa3 to Aa2, and debt servicing

costs are down, leaving more revenue for priority public programs. Moody's noted: "the province's prudent budget policy framework is well entrenched and should continue to generate positive results leading to further easing of the debt burden in coming years."

In 1961, the Manitoba Government stopped funding the pensions of civil servants and teachers. By 1990, pension liabilities had grown to $1.2 billion. In 1999, pension liability was $2.7 billion. Left unattended this would have grown to well over $10 billion by 2035.

Comparative Statement of Budgetary Revenue, Expenditure, Transfers and Balance

2003/04 and 2002/03

	2003/04 Budget	2002/03 Forecast	2002/03 Budget	Increase/(Decrease) from 2002/03 Forecast to 2003/04 Budget		Increase/(Decrease) from 2002/03 Budget to 2003/04 Budget	
		(Millions of Dollars)		(Millions of Dollars)	%	(Millions of Dollars)	%
Revenue							
Own-Source	4,806	4,598	4,579	208	4.5	227	5.0
Federal Transfers	2,508	2,242	2,362	266	11.9	146	6.2
Extraordinary Revenue - Manitoba Hydro (2001/02)	0	150	0	(150)		0	
Total Revenue	7,314	6,990	6,941	324	4.6	373	5.4
Expenditure							
Program	6,925	6,632	6,560	293	4.4	365	5.6
Debt Servicing	331	335	368	(4)	(1.2)	(37)	(10.1)
Total Expenditure	7,256	6,967	6,928	289	4.1	328	4.7
Net Revenue	58	23	13	35		45	
Interfund Transfers							
Debt/Pension Repayment	(96)	(96)	(96)	0		0	
Fiscal Stabilization Fund	48	77	93	(29)		(45)	
Balance Under Balanced Budget Legislation	10	4	10	6		0	

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We took immediate action in 2000, introducing the first-ever plan to deal with the pension liability. We are continuing to take action. In addition to the funds allocated for debt and pension liabilities in Budget 2003, each hiring department or Government agency must now fund the full pension costs of each new employee. Moody's took notice of our approach, stating that Manitoba has "taken steps to address (the Province's) unfunded pension liability which will improve fiscal flexibility going forward."

The Medium-Term Fiscal Framework projects continued balanced budgets into the future. There will be challenges from areas of cost pressure such as health care. And revenue growth will be influenced by national and international events.

Conclusion

As in past Budgets, we are focussed on the priorities of Manitobans. Our plan includes:

- strong schools and training for success;
- quality public health services;
- healthy families in secure communities;
- an innovative economy that provides real opportunities; and
- affordable government.

Our achievements are significant in each of these areas. For four years in a row, we have balanced the budget, contributed to reducing debt and pension

Medium-Term Fiscal Framework

	2002/03	2003/04	2004/05	2005/06	2006/07
			(Millions of Dollars)		
Revenue	6,990	7,314	7,471	7,715	7,997
Expenditure					
Program Expenditure	6,632	6,925	7,056	7,198	7,342
Public Debt Costs	335	331	348	365	365
Total	6,967	7,256	7,404	7,563	7,707
Net Revenue	23	58	67	152	290
Interfund Transfers					
Debt/Pension Repayment	(96)	(96)	(96)	(115)	(115)
Fiscal Stabilization Fund	77	48	39	(27)	(165)
Balance Under Balanced Budget Legislation	4	10	10	10	10

The Medium-Term Fiscal Framework reflects current forecasts and assumptions. Should future circumstances depart from these, Budget decisions will reflect the changes.

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The Medium-Term Fiscal Framework reflects current forecasts and assumptions. Should future circumstances depart from these, Budget decisions will reflect the changes.

liabilities, cut taxes, and made strategic investments in education, health care, and our communities.

With these investments, we are creating exciting new educational opportunities, developing health care technologies, diversifying our agricultural sector, and tapping into a range of new and clean energy sources.

Manitoba is one of the best places to live in the world. Our communities are safe, our cost of living is low, and quality of life is high – our economy is strong. With this Budget, we are continuing to build on our advantages to keep young people here and attract newcomers in ever-growing numbers. Budget 2003 is about providing more opportunities today while building for the future.

MANITOBA 2003

BUDGET PAPERS

Manitoba

BUILDING FOR THE FUTURE

The 2003 Manitoba Budget

Budget Papers

The Honourable Gregory F. Selinger
Minister of Finance
April 22, 2003

This document is
available on the Internet at:
http://www.gov.mb.ca/finance
Other information available at this site includes:
The 2003 Manitoba Budget Address,
2003 Estimates of Expenditure,
2003 Estimates of Revenue,
The Manitoba Advantage,
Manitoba's Action Strategy for Economic Growth,
the latest Quarterly Financial Report and
Highlights of Manitoba's Recent Economic Performance.

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THE 2003 MANITOBA BUDGET
BUDGET PAPERS

CONTENTS

BUDGET PAPER A – The Economy
BUDGET PAPER B – Financial Review and Statistics
BUDGET PAPER C – Financing Health Care
BUDGET PAPER D – Taxation Adjustments

Also available in English and in French:
The 2003 Manitoba Budget Address
The Manitoba Advantage
Manitoba's Action Strategy for Economic Growth

Budget Paper A

THE ECONOMY

THE ECONOMY

Contents

CANADIAN ECONOMY 1

MANITOBA ECONOMY 3

- Manufacturing 6
- Agriculture 7
- Mining 10
- Hydro-Electricity 12
- Housing 14
- Retail Sales 15
- Tourism 16
- Labour Markets 16
- Investment 18
- Foreign Markets 21
- Manitoba Foreign Exports 22
- Population 23
- Manitoba Economic Outlook 24

HIGHER INCOMES 25

THE MANITOBA ECONOMY: STRENGTH IN DIVERSITY 27

Manitoba Economic Statistics, 1998 to 2002 30

Appendix 1: RESEARCH AND INNOVATION 32

CANADIAN ECONOMY

The Canadian economy grew 3.4% in real terms in 2002, up from the 1.5% growth in 2001. Canada's real Gross Domestic Product (GDP) growth was the strongest among the G-7 countries last year, and well ahead of that of the United States (see Chart 1). Nominal GDP growth also increased from 2.6% in 2001 to 4.6% in 2002.

Last year's international economic environment reflected weak demand conditions brought about by economic and geopolitical uncertainty. The United States, in particular, posted only moderate growth after 2001's economic recession. Continuing uncertainty in regard to ongoing international conflicts, energy price volatility and international equity markets cloud the medium-term economic outlook.

In Canada, strong consumer demand in 2002, boosted by strong job growth, low interest rates and increasing housing values, offset declining business investment and weak exports.

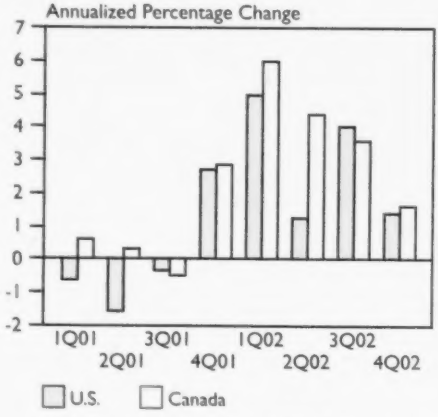
Real personal expenditure rose 4.9% in 2002. Spurred by historically low interest rates and manufacturers' incentives, consumer spending on motor vehicles advanced 7.1%, helping to boost overall consumer durable-goods spending by 6.7%.

Low interest rates promoted a banner year in Canada's housing sector. Last year's 15.9% growth in housing investment was the strongest increase since 1987. The total number of housing starts jumped 26.0%, with single-family dwellings up 30.6%, and multiple units up 19.4%. Canada posted over 205,000 housing unit starts last year.

Unlike Canada's consumers, businesses were cautious spenders in 2002. Despite a 6.2% recovery in corporate profits before taxes, business investment in plant and equipment slipped 3.9%, the second consecutive annual decline. Business investment in

Chart 1

Canada and U.S. Real GDP Growth

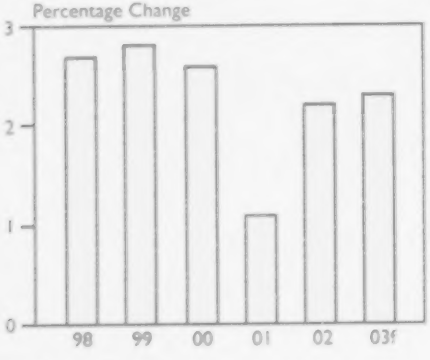


Sources: Statistics Canada and U.S. Department of Commerce

Low interest rates promoted a banner year in Canada's housing sector.

Chart 2

Canada Employment

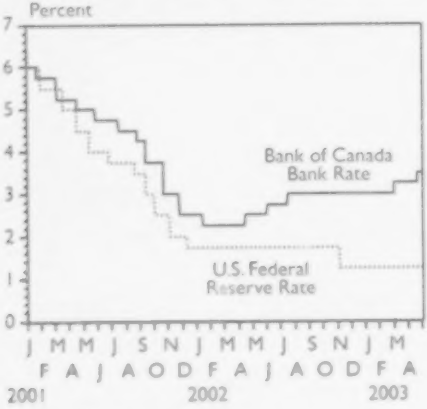


f - Forecast

Sources: 1998-2002: Statistics Canada
2003: average of economic forecasts

Chart 3

Canada and U.S. Interest Rates



Source: Bank of Canada

non-residential structures fell 6.4%, while machinery and equipment spending declined 2.4%.

The weak international economy in 2002 continued to challenge Canadian exporters. Total real exports of goods and services increased only 0.8% after a 3.8% decline in 2001. Total real exports of goods had fallen in each of six consecutive quarters, back to early 2001, and began to turn around only in the latter half of 2002.

Canada's very strong labour market performance in 2002 was a major factor in maintaining consumer confidence. Total employment rose 2.2% from 2001. Full-time employment increased 1.5%, while part-time employment rose 5.6%. However, from January to December of 2002, employment jumped by 560,000, an increase of 3.7%. Despite this strong employment growth, the unemployment rate in 2002 was 7.7%, up from 7.2% in 2001. The higher unemployment rate resulted from strong labour force growth last year, with the labour force participation rate reaching 67.5% in December, a level reached only once before, in January 1990.

The average of projections for national employment growth by independent economic forecasters, compiled by Manitoba Finance, indicates that Canada's employment will grow by 2.3% in 2003 (see Chart 2). The unemployment rate is predicted to fall to 7.3%.

For several months prior to April 2002, short-term interest rates were down to levels not seen in 40 years. In that month, however, concerns about inflationary pressures prompted the Bank of Canada to begin boosting interest rates. On April 17, 2003, the Bank Rate was 3.50%, 125 basis points higher than its most recent low, one year earlier. This tightening of interest rates contrasts sharply with the U.S., where the Federal Reserve has not increased interest rates in light of weak economic conditions throughout 2002 and 2003 (see Chart 3). On April 17, the U.S. Federal Funds rate was 1.25%.

Canada's Consumer Price Index (CPI) inflation in 2002 was 2.2%, below the inflation rate in 2001. However, significant CPI increases were recorded later in the year as a result of higher prices for oil products and natural gas. This higher price level continued through the first quarter of 2003. The survey of economic forecasters shows that Canada's consumer price inflation is projected to average 2.6% in 2003 (see Chart 5). This remains within the Bank of Canada's inflation control target range of 1% to 3%.

The Canadian dollar weakened against the U.S. currency in 2002. The U.S. dollar exchange rate averaged US$0.637 last year, down from US$0.646 in 2001. Starting in January 2003, however, the exchange rate increased sharply and has traded mostly in the US$0.67 – US$0.69 range through March and April.

The consensus among economic forecasters is that Canada's real GDP growth will improve in the latter half of 2003. Concerns regarding the resolution of international conflicts and uncertain U.S. economic prospects are expected to dampen economic growth over the first two quarters of the year. Overall, considerable risks regarding the 2003 economic outlook prevail. Currently, Manitoba Finance's survey of economic forecasts shows that Canada's annual real GDP is projected to increase by 3.3% in 2003. Nominal GDP is projected to increase by 5.6%.

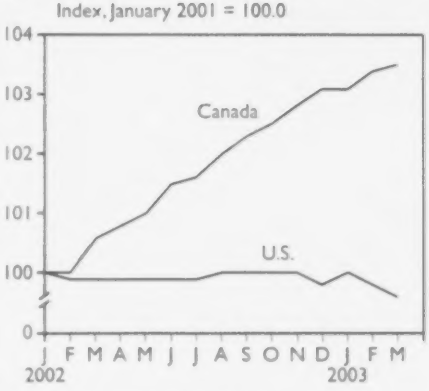
MANITOBA ECONOMY

Manitoba's economy grew 3.1% in real terms in 2002, up from 1.5% growth in 2001. Like Canada, Manitoba benefited from strong real consumer expenditure growth, along with solid growth in incomes and strengthening housing prices. Nominal GDP in Manitoba grew 3.5% to $35.9 billion.

Manitoba's total employment rose by 9,100 in 2002, a 1.6% increase, bringing employment to a record-high level of 567,000. Manitoba's unemployment rate

Chart 4

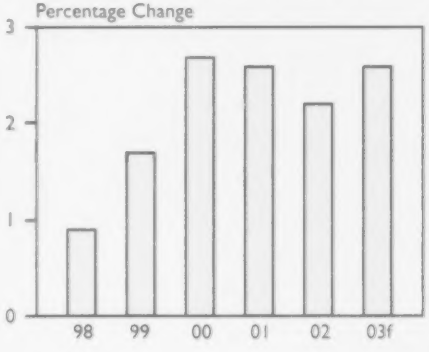
Monthly Employment in Canada and U.S. January 2002 to March 2003



Source: Statistics Canada and U.S. Department of Commerce

Chart 5

Canada Consumer Price Index



f - Forecast

Sources: 1998-2002: Statistics Canada
2003: average of economic forecasts

Manitoba Real Gross Domestic Product at Basic Prices By Industry, 2001 and 2002p

(Millions of Constant 1997 Dollars)

	2001	2002p	% Change
Goods	**8,388**	**8,413**	**0.3**
Agriculture	1,424	1,500	5.3
Mining	630	574	-8.9
Other Primary	94	92	-2.1
Manufacturing	3,849	3,905	1.5
Construction	1,284	1,393	8.5
Utilities	1,107	949	-14.3
Services	**21,988**	**22,846**	**3.9**
Transportation & Storage	2,036	2,100	3.1
Information & Culture	1,084	1,124	3.7
Wholesale Trade	1,875	1,988	6.0
Retail Trade	1,675	1,798	7.3
Finance & Insurance	1,248	1,293	3.6
Real Estate	1,992	2,025	1.7
Imputed Rent	2,746	2,865	4.3
Professional Services	925	957	3.5
Other Business Services	567	575	1.4
Government	2,205	2,262	2.6
Education	1,602	1,618	1.0
Health & Social Services	2,210	2,356	6.6
Arts, Entertainment & Recreational Services	316	333	5.4
Accommodation & Food	681	713	4.7
Other Services	826	839	1.6
GDP at Basic Prices	**30,376**	**31,259**	**2.9**

p – Preliminary

Note: Statistics Canada's methodology for measuring the real value of output by industry has changed from Factor Cost to Basic Price. Basic Price GDP corresponds to net income generated from production after excluding taxes (GST and PST for example) and includes subsidies that apply only on intermediate goods and services. This replaces the concept of Factor Cost GDP, which excludes all taxes and includes all subsidies (such as labour-training subsidies).

Source: Manitoba Bureau of Statistics

of 5.2% was the lowest rate among provinces and below the national rate of 7.7%. Manitoba's youth unemployment rate of 10.2% was also the lowest among provinces and well below the national rate of 13.6%. This strong labour market performance boosted labour income by 4.4%. The Manitoba Bureau of Statistics (MBS) estimates that personal

income increased by 2.4% in 2002, while personal disposable income advanced by 3.0%.

Statistics Canada's February 2003 Private and Public Investment (PPI) survey indicates that total new capital investment for Manitoba is forecast at $5.96 billion in 2003, up 2.8% from 2002, and slightly above the national increase of 2.1%. Private capital investment is estimated to increase 0.4%, while public investment is expected to increase by 10.3%. Based on Statistics Canada's survey, Manitoba will have seen private capital investment increase in each of the last four years (2000–2003).

Manitoba's goods producing industries had mixed results last year. Both manufacturing and agriculture posted gains in production in 2002. Output in the mining sector and hydro-electricity declined. Manitoba's housing sector enjoyed exceptionally strong performance, as a positive labour market and very low interest rates combined to boost housing starts and resale activity.

Manitoba retail sales increased 6.9% in 2002 to $10.6 billion. This was the highest annual retail sales increase in five years.

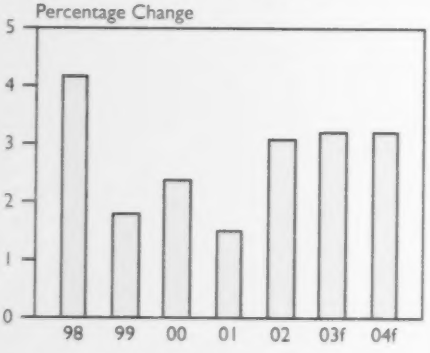
Manitoba's consumer price inflation in 2002 was 1.6%, down from 2.6% in 2001, and the lowest rate among provinces. The prices for shelter, energy, and clothing and footwear declined, while prices for most other categories increased modestly. The exception was the tobacco and alcohol component which jumped 15.7%, in line with the national increase of 17.6%. According to Manitoba Finance's survey of economic forecasts, Manitoba's CPI inflation is expected to remain moderate with increases of 2.2% and 1.7% in 2003 and 2004, respectively. In both years, inflation is expected to be lower than the national average.

Based on Manitoba Finance's survey of economic forecasts, Manitoba's rate of real economic growth is projected to rise to 3.2% for both 2003 and 2004 (see Chart 6). In 2003, Manitoba's growth will be third-best among provinces.

"Solid Steady Growth a Theme in Manitoba – Shrugging off a delayed U.S. recovery, Manitoba posted a healthy 3.1% real GDP advance last year."

CIBC World Markets
March 2003

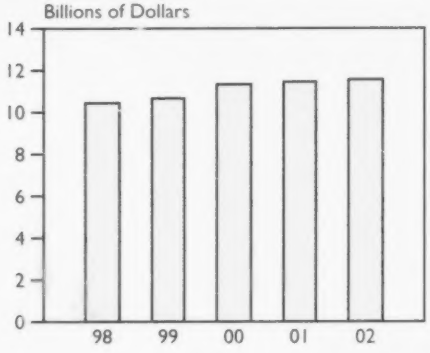
Chart 6
Manitoba Real Gross Domestic Product



f - Forecast

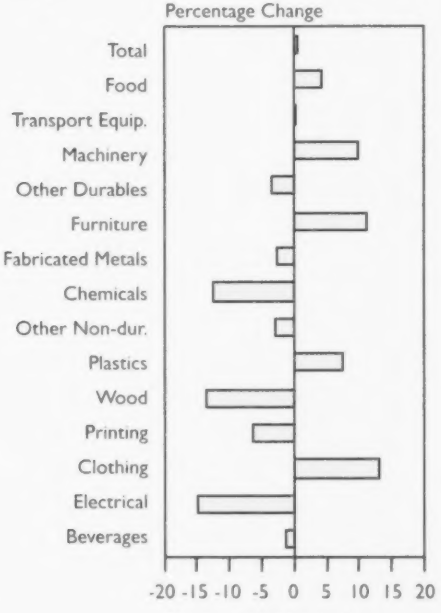
Sources: 1998-2002: Manitoba Bureau of Statistics
2003-2004: average of economic forecasts

Chart 7
Manitoba Manufacturing Shipments



Source: Statistics Canada

Chart 8
Manitoba Manufacturing Shipments by Industry, 2002



Note: Ranked by size in descending order.

Source: Statistics Canada

■ Manufacturing

The value of Manitoba's manufacturing shipments grew 0.6% in 2002 to $11.5 billion, below the national increase of 1.9% (see Chart 7). However, while Canada's manufacturing shipments slipped in 2001, Manitoba's grew. Manitoba is the only province outside of Atlantic Canada to maintain three consecutive years of rising shipments, despite weak international markets.

Six of fourteen manufacturing industry categories posted gains in 2002 shipments (see Chart 8). The three largest manufacturing categories in the province – food processing, transportation equipment, and machinery – all posted gains. The largest declines among the industry categories were in electrical equipment (-14.7%), wood products (-13.5%), and chemicals (-12.5%).

Shipments from Manitoba's food processing industry increased by 4.3% last year. Food processing is Manitoba's largest manufacturing industry, and shipments have grown strongly over the past several years, posting a 42% increase since 1998. Processed food products are an important export category, accounting for 11.3% of Manitoba's total foreign merchandise exports. Linked to Manitoba's large and diversified agriculture sector, principal processed food products include processed meats, frozen potato products and other prepared vegetables, and dairy products.

Transportation equipment is Manitoba's second-largest manufacturing sector, accounting for 13.9% of manufacturing shipments and 10.1% of the province's total foreign merchandise exports. The sector has two major components: bus manufacturing and aerospace firms. Within Manitoba's aerospace industry, economic activity is divided about equally between manufacturing and repair/overhaul.

Transportation equipment shipments increased only slightly in 2002 as the weaker overall economic

situation, combined with concerns regarding air travel in the wake of the tragedy of 9/11, depressed aircraft manufacturing and related activities. Manitoba's major bus manufacturers face favourable prospects over the medium term as production levels are expected to increase through to 2004. The consolidation of much of Motor Coach Industries' production assets into Manitoba will further strengthen the outlook for the industry in the province. Manitoba is currently North America's largest producer of buses.

Statistics Canada's survey of Private and Public Investment indicates that the level of manufacturing capital investment in Manitoba declined 4.0% in 2002, somewhat better than the national investment decline of 11.9% (see Chart 9). For 2003, the survey suggests that capital investment in manufacturing will increase by 5.3%, just below the national increase of 6.6%. Capital investment in Manitoba's manufacturing sector over the last five years (1998–2002) is an estimated $2.9 billion.

Weaker performance in several manufacturing industries led to a 2.8% decline in 2002 manufacturing employment in Manitoba. Manufacturing employment in the province was 68,800 last year, accounting for about 12.1% of total employment.

Manufacturing is Manitoba's largest industry, accounting for 12.5% of GDP. It is highly diversified, producing a broad range of industrial and consumer goods.

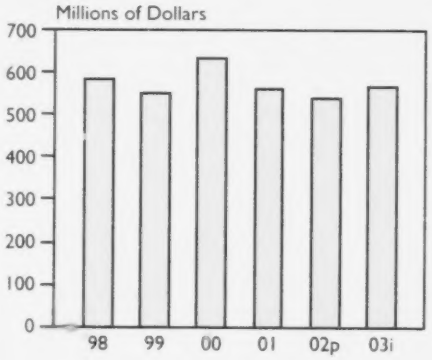
In 2002, manufacturing industries accounted for two-thirds of Manitoba's total foreign merchandise exports. Approximately 70% of Manitoba's merchandise exports to the United States are manufactured goods.

■ Agriculture

Like the provincial economy overall, Manitoba's agriculture sector is highly diversified. In 2002, crops accounted for 52% of total market receipts in

Chart 9

Manitoba Manufacturing Investment



p - Preliminary i - Intentions

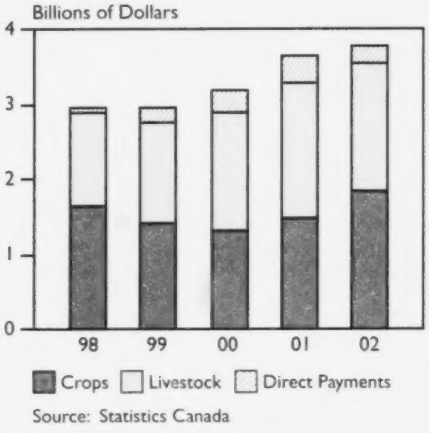
Source: Statistics Canada

"Manitoba's manufacturing sector is the province's largest industry, accounting for about 13% of GDP in 2001. Manitoba's manufacturing sector is well diversified over a broad range of consumer and industrial goods, and has been one of the main drivers behind Manitoba's strong showing during the past few years."

Standard and Poor's
July 2002

Chart 10

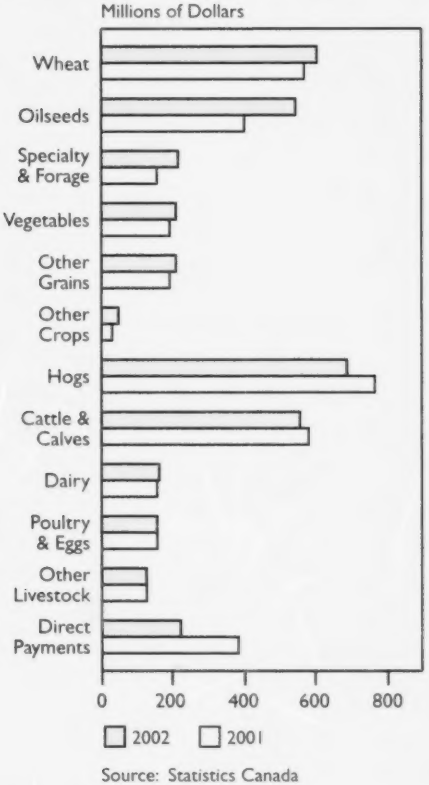
Manitoba Farm Cash Receipts



Source: Statistics Canada

Chart 11

Manitoba Farm Cash Receipts by Product, 2002 and 2001



Source: Statistics Canada

agriculture, while livestock accounted for 48%. Within these broad categories of production, Manitoba producers market a wide range of livestock and crop commodities. Agriculture accounts for about one-fifth of Manitoba's foreign commodity exports, and 4.8% of Manitoba's GDP. In 2002, the agriculture sector employed about 32,000 persons, or about 5.6% of the total employed labour force.

2002 was a better year for Manitoba's agriculture industry overall. Most crop prices increased while cattle and hog prices declined. Total farm cash receipts increased 2.9% to $3.76 billion. Crop receipts surged 24.4%, and livestock receipts fell 5.2% (see Chart 10). Market receipts – that is, receipts excluding direct payments to producers – increased 8.3%. Market receipts have increased considerably over the past few years, rising by 28.9% since 1999. Manitoba's total farm cash receipts account for about 10.5% of the national total.

Most areas of Manitoba were spared the drought conditions that plagued large portions of the U.S. and Canadian prairies. Despite lower volumes of major grains produced in 2002, good prices offset most of the yield declines to push crop receipts up 24.4% to $1.85 billion.

Wheat receipts, which account for one-third of the Manitoba crops, increased by 6.8% to $605.3 million. Prices underlying receipts increased 9.6%, while total production of all wheat varieties slipped. Last year, Manitoba producers seeded 1.4 million hectares of wheat, accounting for 28% of the province's total seeded area.

Manitoba's oilseeds receipts are dominated by canola sales. In 2002, receipts from oilseeds jumped 35.2%. This increase was driven largely by price, as marketings of canola in 2002 were largely unchanged from 2001. Canola producers seeded 0.9 million hectares last year, accounting for about 18% of the province's total seeded area.

Extremely dry weather in many parts of the prairies outside of Manitoba resulted in reduced production and substantial price increases for forage crops. In 2002, receipts to producers from specialty and forage crops increased 37.9% to the highest level ever recorded. Tame hay and silage crops together accounted for 19% of Manitoba's total seeded area in 2002.

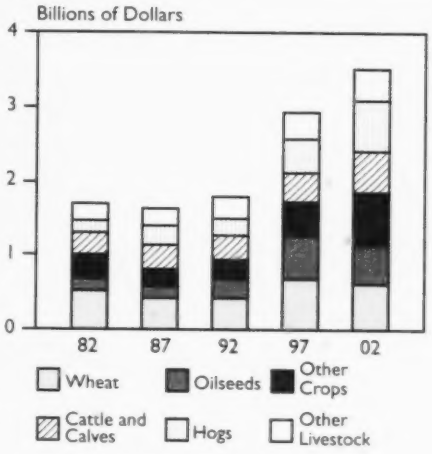
Manitoba producers market a wide and growing variety of other products, including barley, mustard seed, flax and vegetables. The growth of a number of non-traditional crop products underscores the continuing diversification of Manitoba's agricultural base (see Chart 12). For example, in the last decade, Manitoba's share of Canada's dry bean production has increased from just 7% in 1993 to 57% in 2002. Similarly, potato production has increased from just $58 million in 1993 to $135 million last year. Over the same period, potato product exports have risen from $52 million to $176 million. Manitoba has gone from being a fringe producer of potatoes to being the second-largest potato producer in Canada behind Prince Edward Island. The growth of potato processing in the province, producing products like frozen potato chips for world markets, has not only boosted potato growing in the province, it has substantially increased the higher value-added food processing activity undertaken in Manitoba. The completion of Simplot's new $150 million potato processing plant in Portage la Prairie this year will extend Manitoba's position as a major international food processing centre, and will further enhance diversification within the agriculture sector.

Unlike crop producers, Manitoba's livestock producers saw receipts fall last year. Total receipts declined 5.2% in 2002 after several years of very strong growth. Total livestock receipts in 2002 were $1.7 billion.

Weaker prices for hogs pushed receipts down 10.2%, even as the number of marketed hogs rose 6.2%. In

Chart 12

Manitoba Market Receipts by Type



Source: Statistics Canada

The growth of a number of non-traditional crop products underscores the continuing diversification of Manitoba's agricultural base.

the previous three years, annual receipts from hogs had increased by 93.2%. In 2002, Manitoba produced 6.7 million hogs, or 24% of the national total.

Like hog producers, Manitoba cattle and calves producers have benefited from exceptionally strong growth in receipts over the last several years. However, receipts slipped 4.0% in 2002 as weaker prices offset increased sales.

Direct payments to Manitoba producers – various forms of insurance and income assistance including crop insurance, income stabilization and disaster adjustment programs – declined last year. Direct payments are expected to remain stable in 2003.

■ Mining

The value of Manitoba's mineral production declined by 4.0% last year to $982 million. This was the second consecutive annual decline, coming after a 17.1% reduction in 2001 (see Chart 13).

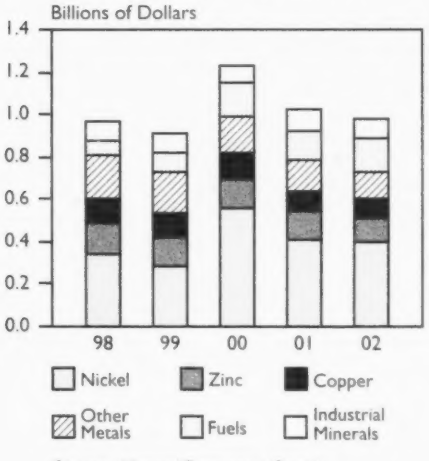
The value of nickel production fell 3.5% in 2002 as reduced production volumes more than offset the 6.5% increase in average price. The strengthening of world nickel prices at the beginning of 2003 bodes well for this industry in the current year. At $398 million, nickel is Manitoba's most important mineral product, accounting for 40.5% of the province's total value of mineral production.

Zinc accounted for 11% of Manitoba's mineral production in 2002. The value of zinc production in Manitoba fell 15.7% last year due to slightly lower production volumes, combined with a 13.3% decline in average price. The value of zinc production in Manitoba has fallen for five consecutive years due largely to weak international prices.

Copper, which accounts for 9% of Manitoba's mineral production, saw moderate declines in both price and the volume of production in 2002, bringing the total value of production down 4.4%.

Chart 13

Manitoba Mineral Production



Source: Natural Resources Canada

The weak price performance for several metals has resulted in some mine closures in Manitoba over the past two years. In June 2002, Hudson Bay Mining and Smelting closed the Ruttan Mine in Leaf Rapids. The mine had produced copper and zinc. In 2001, the Harmony Gold mining operation ceased production. This gold mine, located near Bissett, was placed in "care and maintenance" mode, and the mine is presently for sale. The termination of operations of the Bisset mine left the Kinross/New Britannia facility at Snow Lake as Manitoba's only operating gold mine.

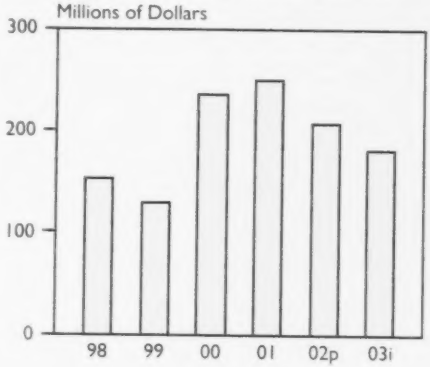
Mining investment in Manitoba declined by 16.2% last year to $209 million (see Chart 14). Mining investment is expected to slip further in 2003, with Statistics Canada's PPI survey estimating a 12.9% reduction. Several major investment projects are planned to enhance Manitoba's mining industry in the future. Both Inco Limited and Hudson Bay Mining and Smelting announced major multi-year investment projects for Manitoba over the coming years.

Oil producers in Manitoba's southwest saw the value of oil shipments increase by 10.5% to $152.6 million. While the volume of production declined slightly last year, strengthening oil prices pushed up total production values. Manitoba's oil industry, while much smaller than those of neighbouring Saskatchewan and Alberta, employs 300 people and has benefited from considerable industry investment over the past several years. In 2002, 97 new wells were drilled, with a similar number of new wells anticipated in 2003.

Sustaining the level of mineral production requires new exploration to secure reserves. In Manitoba, exploration expenditures were estimated at $26.5 million, 7% below the 2001 level, but in line with the recent five-year average annual exploration spending. Exploration is currently under way in several regions of Manitoba, focussing on several minerals including diamonds, gold, platinum, nickel, copper and tantalum.

Chart 14

Manitoba Mining Investment



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Source: Statistics Canada

■ Hydro-Electricity

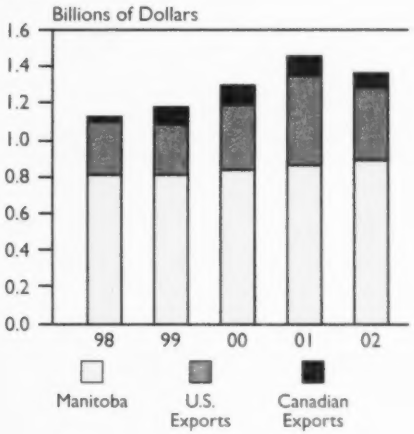
Manitoba Hydro is Manitoba's largest utility and accounts for virtually all electricity generation, transmission and distribution in the province. Almost all of Manitoba Hydro's electricity is produced by water, a renewable source of energy. Currently, Manitoba Hydro has a generating capability of more than 5,000 MW, with the potential for further economical hydro generating capacity in excess of 5,000 MW.

The value of hydro-electricity sales in Manitoba declined 6.6% in calendar year 2002 to $1.36 billion (see Chart 15). This was the first annual decline in hydro energy sales in 14 years. The decline was largely due to the reduced out-of-province electricity sales last year, reflecting the impact of low water flow for hydraulic generation.

Manitoba sales, which account for approximately two-thirds of total hydro sales value, increased 3.2%. Total gross exports, which account for the remainder of sales, declined 20.8%, albeit to the second-highest level ever recorded. The value of export sales had more than doubled between 1997 and 2001, driven by strong increases in exports to the United States and good water flows. Electricity exports to the U.S. account for about 83% of total provincial out-of-province sales.

Presently, Manitoba Hydro is working closely with northern Aboriginal communities in respect of potential new generating facilities in their areas. Two such facilities are under active consideration. The proposed Wuskwatim generating station would be built on the Burntwood River in Northern Manitoba and would generate 200 MW of power, with the earliest in-service date being 2009. The Gull (Keeyask) generating facility is another potential generating site. The Gull station would produce about 650 MW of power, with the earliest possible in-service date being 2012. Construction of the Gull facility would also require the construction of a transmission line to deliver power

Chart 15
Manitoba Hydro-Electricity Sales



Source: Manitoba Hydro-Electric Board

to Southern Manitoba. The combined cost of these two generating projects, as well as the required transmission facilities, is approximately $4 billion.

Another option under active consideration is the development of the Conawapa site. This 1,400 MW generating facility project would be similar in magnitude to Manitoba's Limestone facility project, currently the largest single generating station in Manitoba.

In August 2002, Manitoba Hydro signed a 10-year agreement with Xcel Energy, based in Minnesota, for the export of 500 MW of electricity from Manitoba to Minnesota starting in 2005. The agreement builds on the long-standing arrangements with Xcel Energy and is expected to produce $1.7 billion in revenue over the life of the contract. Manitoba exports to Minnesota account for about 10% of electricity used in that state.

In July 2002, two capital projects were completed at Manitoba's non-hydro generating facilities. First, two natural gas-fired generating units with a total capability of 260 MW were completed in Brandon. Combined with the 105 MW coal burning unit (the only coal-fired unit in Manitoba) Brandon's overall generating capacity is more than 360 MW. Second, Manitoba Hydro completed the conversion of the Selkirk generating station from coal power to natural gas.

These projects – with a combined investment of more than $200 million – enhance the utility's leadership in protecting the environment and strengthen its position as a leader among Canadian utilities in voluntarily reducing greenhouse gas emissions. In the future, Manitoba Hydro is prepared to play an increasingly important role in meeting more of North America's electrical energy needs through environmentally desirable hydro-electric resources, and in so doing, will continue to reduce global greenhouse gas emissions. Last year, Manitoba Hydro exports are estimated to have displaced between 7 and 12 mega-tonnes of greenhouse gas emissions in Canada and the U.S.

Presently, the utility is working closely with northern Aboriginal communities in respect of potential new generating facilities in their areas.

In August 2002, Manitoba Hydro signed a 10-year agreement with Xcel Energy, based in Minnesota, for the export of 500 MW of electricity from Manitoba to Minnesota starting in 2005.

In September 2002, Manitoba Hydro completed the purchase of Winnipeg Hydro from the City of Winnipeg.

Through its Power Smart programs, Manitoba Hydro remains a leader in energy conservation programs among utilities in North America. Over the past several years, Power Smart initiatives have achieved estimated savings of 185 MW in demand and continue to save Manitobans millions of dollars in energy costs. Manitoba Hydro is targeting a saving of 356 MW by the end of 2011/12.

In September 2002, Manitoba Hydro completed the purchase of Winnipeg Hydro from the City of Winnipeg. The purchase allows Manitoba Hydro to serve all Manitoba electricity customers. The utility also announced that it will construct a 400,000 square foot office complex in downtown Winnipeg as its new headquarters, and in March 2003, invited expressions of interest in the preliminary stages of the new facility.

Housing

2002 was a banner year for Manitoba's housing industry. The number of housing starts in Manitoba increased by 22.1% to 3,617, the highest level since 1989 (see Chart 16).

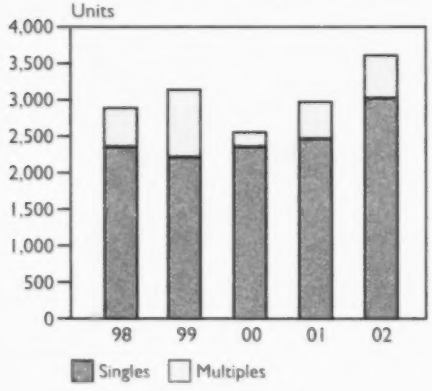
The number of new single-family dwellings in Manitoba rose by 22.6%. Both rural and urban housing starts growth was strong.

Multiple-unit housing starts rose 19.5%, about the same as the national increase. 601 multiple-unit starts were posted in 2002.

For 2003, Canada Mortgage and Housing Corporation (CMHC) projects that Manitoba's housing starts will decline to 3,200 units. CMHC projects that Manitoba's single-family housing starts will decline to 2,500 from 3,016 last year. Multiple-unit starts are projected to increase from 601 to 700.

Like in Canada overall, house prices in Manitoba increased last year. House price surveys by Royal LePage Real Estate Services show that the average house price for bungalows, two-story homes and condominiums in Winnipeg increased by approximately 10%.

Chart 16
Manitoba Housing Starts



Source: Canada Mortgage and Housing Corporation

The total value of building permits issued in Manitoba in 2002 increased 20.8%, higher than the national increase of 16.2%. Manitoba's increase was fourth-best among provinces. The value of residential building permits issued was $440.8 million, an increase of 29.4% from 2001.

The Winnipeg Real Estate Board reported that total Multiple Listings Service sales in 2002 were 10,539 units. This was the Board's best year on record as dollar volume exceeded the billion-dollar mark for the first time.

The total value of building permits issued in Manitoba in 2002 increased 20.8%.

■ Retail Sales

Manitoba retail sales increased 6.9% in 2002 to $10.6 billion. This was the largest annual retail sales increase in five years and higher than the national increase of 6.0% (see Chart 17).

Favourable borrowing rates, attractive dealer incentives and a healthy job market helped drive up automobile sales in the province last year. Total motor vehicle establishment sales increased 11.8%, higher than the national increase of 7.9%.

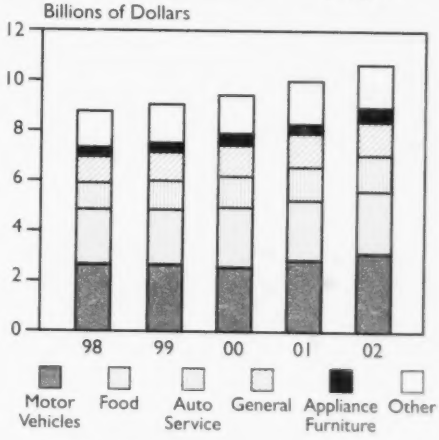
Statistics Canada's survey of total motor vehicle sales indicates that the number of units sold in Manitoba in 2002 increased to over 49,000, a 13.9% jump from 2001. This was the strongest increase among provinces, and well above the national increase of 8.5%. The level of new car sales in Manitoba last year was the highest since 1987.

Strong housing investment last year also promoted growth in appliance and furniture sales. These sales increased 9.7%, just below the national increase of 10.7%. All other retail categories increased.

The growth in retail sales in Manitoba was equally strong in Winnipeg and in areas outside Winnipeg, with increases of 7.0% and 6.8% respectively.

In an environment of rising interest rates, Manitoba's lower debt levels will help support personal expenditure growth relative to higher-debt

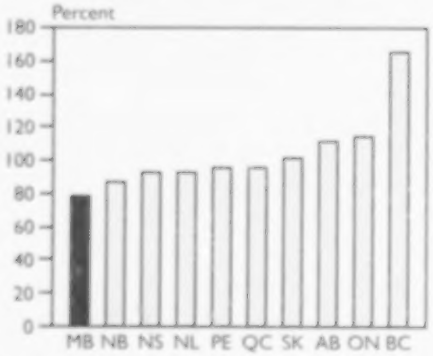
Chart 17
Manitoba Retail Trade by Type



Source: Statistics Canada

Chart 18

Household Debt as a Percentage of Personal Disposable Income, 2001



Sources: TD Bank Financial Group

The overall dollar value of expenditure associated with the conventions and meetings in Manitoba increased 2.6% to $44.2 million.

regions. Among provinces, Manitobans have the lowest debt-to-income levels in Canada. In 2001, the ratio of household debt to personal disposable income was 77.9%, well below the national average of 113.0% (see Chart 18).

■ Tourism

Across the globe, tourism and related industries were adversely affected last year as travelers were influenced by concerns related to personal security.

Manitoba was the only province to report an increase in the number of direct entries by overseas visitors in 2002. Moreover, the estimated number of one-or-more night trips, by U.S. residents directly entering Manitoba by automobile, increased 5.5% from 2001. The number of U.S. residents directly entering Manitoba using modes other than automobile for one or more nights increased by 5.7%.

The overall dollar value of expenditure associated with the conventions and meetings in Manitoba increased 2.6% to $44.2 million. While the number of meetings and conventions declined slightly last year, there was a small increase in the number of delegates to these events.

Manitoba has a history of successfully hosting major national and international events. In 2002, the province hosted the North American Indigenous Games with 7,000 athletes, coaches and officials. In 2003, the province hosts the World Curling Championships with 2,000 delegates, the Western Canada Summer Games with 2,400 participants, the World Senior Softball Championships with 3,000 delegates, the National Slo-pitch Championships with 1,000 delegates and the RCMP Aboriginal and Diversity Law Enforcement Conference with 800 delegates.

■ Labour Market

2002 was a strong year for Manitoba's labour market performance. The overall unemployment

rate increased to 5.2% from 5.0% in 2001, while Canada's rate increased to 7.7% from 7.2% in 2001 (see Chart 19). Manitoba had the best unemployment rate in Canada last year. Manitoba's youth unemployment rate was also the best in Canada at 10.2%, well below the 13.6% national rate. The province achieved low unemployment rates despite a record-high increase in the labour force.

Manitoba's total employment rose by 9,100 jobs, or 1.6% (see Chart 20), below Canada's employment increase of 2.2%. Manitoba and Canada both achieved record-high levels of employment in 2002.

Like Canada, the growth rate of part-time employment exceeded growth of full-time employment in Manitoba. Full-time employment increased by 0.8%, while part-time employment rose by 5.2%.

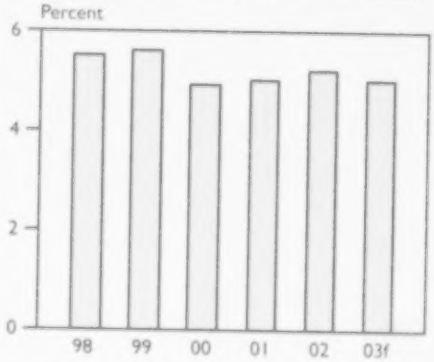
Manitoba's private sector accounted for approximately three-quarters of all net jobs created in Manitoba in 2002. Service sector employment, which accounts for 76% of total Manitoba employment, advanced 2.8% in 2002, while goods sector employment slipped 1.8%.

Manitoba's youth employment exceeded 98,000 last year, its highest level since 1990. After falling through most of the 1990s, Manitoba's youth employment has increased for four consecutive years.

Manitoba's labour force increased dramatically in 2002. Total labour force increased by 10,900, or 1.9%, the strongest rate of labour force growth in over 15 years. Similarly, Manitoba's labour force participation rate increased to 69.2% from 68.1% in 2001, the highest labour force participation level ever recorded, and second in Canada behind Alberta. Increased labour force participation helped ease some of the tight labour supply conditions in the province last year.

Chart 19

Manitoba Unemployment Rate

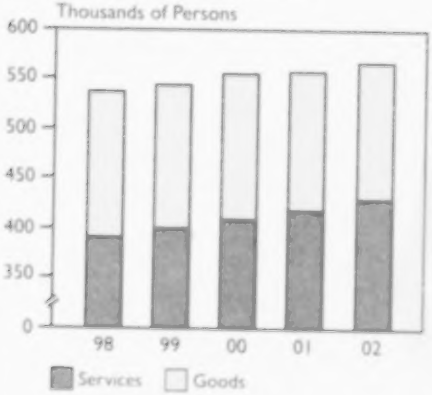


f - Forecast

Sources: 1998-2002: Statistics Canada
2003: average of economic forecasts

Chart 20

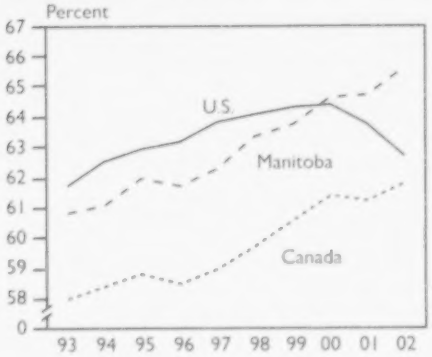
Manitoba Employment



Source: Statistics Canada

Chart 21

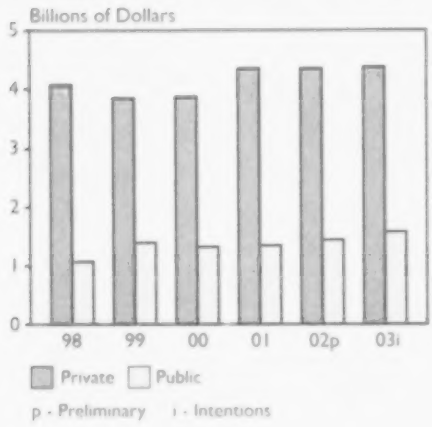
Manitoba, Canada and U.S. Employment Rate



Source: Statistics Canada and U.S. Department of Commerce

Chart 22

Manitoba Capital Investment



Source: Statistics Canada

Manitoba's employment rate – the ratio of employed to the total of the working-age population – also increased to a record-high level of 65.6% (see Chart 21). Like the participation rate, Manitoba's employment rate is the second-highest among provinces in Canada, behind Alberta.

Investment

Total new capital investment in Manitoba is estimated to have increased by 1.5% in 2002, according to Statistics Canada's Survey of Private and Public Investment. Total investment is forecast to rise to $5.96 billion in 2003, up by $164 million, or 2.8%. This projected growth is somewhat stronger than the projected gain of 2.1% nationally (see Chart 22).

Manitoba's private capital investment, which accounts for about three-quarters of total investment in Manitoba, rose by 0.1% in 2002. While relatively modest, the increase outpaced Canada overall, where private investment levels declined by 0.5%. In 2003, Manitoba's increase is estimated at 0.4%.

Despite the U.S. recession and generalized economic weakness in Canada over much of the past few years, Manitoba's economy benefited from continually increasing levels of private sector capital investment. Manitoba is one of only two provinces that will see four consecutive years of private sector investment growth (2000–2003).

Public capital investment in Manitoba increased by 6.1% in 2002, below the national increase of 14.1%. Public capital spending, which includes investment by federal, provincial and local government, is estimated to increase by 10.3% in 2003, above the projected national increase of 6.9%.

Investment by various industries was mixed last year. Eight of 17 industry categories posted lower investment. In 2003, six of 17 categories are expected to post lower investment. Major increases

are anticipated in education services (+22.4%) and retail trade (+16.8%). Declines are expected in other services and in mining (-12.9% in each category). Housing investment, which posted a 21.2% gain in 2002, is expected to stay relatively stable in 2003.

In April 2003, the Government of Manitoba and the federal government announced that they would jointly provide $160 million toward the expansion of the Red River Floodway. The expansion investment responds to the recommendations of the International Joint Commission Task Force on the Red River valley flooding issue, and will involve enhancements to various components of the existing flood control works and the Floodway diversion system. The first phase of the Floodway expansion will more than double the protection offered by the current Floodway. Over the next several years, the Red River Floodway expansion will provide substantial economic benefits to Manitoba.

Several other major capital investments are planned or under way for 2003. Examples include the following projects.

Construction of the **Richardson Centre for Functional Foods and Nutraceuticals** will begin at the University of Manitoba's SMARTpark in the autumn of 2003, with completion expected by the end of 2004. This $25 million facility will bring together researchers from the agriculture, foods sciences, human nutrition, medicine and pharmacology disciplines, along with their industry partners to study and develop functional foods and nutraceuticals.

Construction is under way on the new $25 million **I.H. Asper Clinical Research Institute** adjacent to the St. Boniface General Hospital Research Centre. The new 100,000 square foot research facility will help further cardiac and vascular care through the bridging of research and patient care, and will provide the clinical resources necessary for the

Manitoba is one of only two provinces that will see four consecutive years of private sector investment growth.

"The province's attractiveness as an investment location has aided the near-term outlook."

CIBC World Markets
March 2003

Housing investment, which posted a 21.2% gain in 2002, is expected to stay relatively stable in 2003.

improvement of medicines and treatments. The facility is slated to open in the fall of 2003. The new institute will have an annual operating budget of $30 million and a staff of 300.

Construction is also under way for an $8.5 million, 65,000 square foot expansion to the **Cangene Corporation** pharmaceuticals manufacturing facility at SMARTpark.

Biovail Corporation is undertaking a $24.8 million, 40,000 square foot expansion of its Steinbach biopharmaceutical manufacturing facility. When the expansion is completed later in 2003, Biovail will add about 200 employees to its existing production staff.

Brett-Young Seeds has just completed a 9,600 square foot R&D facility at the company's Winnipeg head office, the result of a $20.7 million expansion. Brett-Young Seeds is Canada's leading independent seed company.

The new $10 million, 43,000 square foot **Industrial Partnership Facility** will be built adjacent to the National Research Centre's **Institute for Biodiagnostics (IBD)**. The new facility will incubate start-up companies from the high-tech medical technology sector and spin-offs from the NRC, assisting them to become self-sustaining.

J.R. Simplot is investing over $150 million in the first phase of a new potato processing plant near Portage La Prairie. The first stage of the project will employ 230 staff. This project has also involved an additional $22 million of indirect investment in related infrastructure. This first phase of the J.R. Simplot investment will promote a significant expansion in potato production, helping to boost producer incomes and promoting continued diversification of Manitoba's agri-food sector.

Motor Coach Industries (MCI) is investing $40 million in its Winnipeg employees, assembly plants, and product development. MCI is consolidating coach production and engineering for

"Strong fundamentals support the stability of Manitoba's economy, including one of Canada's most diversified business mixes, reduced dependence on primary sectors, one of the lowest provincial unemployment rates and below-average dependence on foreign markets."

Dominion Bond Rating Service
June 2002

its intercity coach models into one major world class, state-of-the-art manufacturing facility in Winnipeg.

Cormer Group Industries, established in 1988, is completing a $13 million, 20,000 square foot expansion to its facilities. The expansion and new equipment will enable the company to add leading-edge capabilities to its business of supplying precision machining services to the aerospace sector. The expansion will eventually add 70 jobs.

Monarch Industries Ltd., founded in 1935, is completing a $13 million relocation and expansion of its Winnipeg facilities. Monarch employs over 500 people in Winnipeg and Winkler and manufactures pumps, hydraulic cylinders, mixers and custom castings that it markets throughout North America.

Foreign Markets

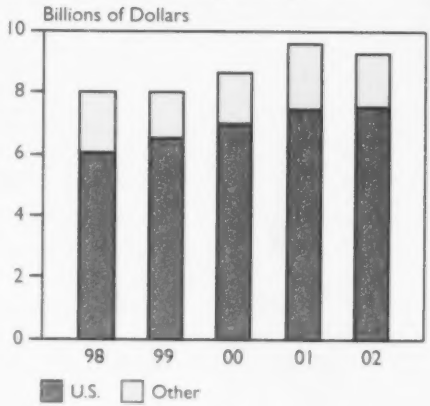
Canada's foreign merchandise exports slipped last year due to weaker export markets. Total foreign merchandise exports declined 3.1% in 2002, in line with the national decline, as the slowing U.S. economy and declining overseas markets both contributed to the weaker performances last year (see Chart 23).

Merchandise exports to the U.S. rose 1.0% in 2002, following a 7.8% increase in 2001. In both years, Manitoba did better than Canada overall, where exports to the U.S. declined 2.3% after falling 2.4% in 2001. To a large degree, Manitoba's better export performance is linked to the province's diverse export base. Manitoba is the only province in Canada to post higher exports to the U.S. in each of 2001 and 2002. Merchandise exports to the U.S. comprise 82% of Manitoba's total foreign merchandise exports compared to 87% for Canada overall.

Exports to non-U.S. markets declined by 18.2% last year. Merchandise exports to Japan (Manitoba's

Chart 23

Manitoba Foreign Exports



Source: Statistics Canada

To a large degree, Manitoba's better export performance is linked to the province's diverse export base. Manitoba is the only province in Canada to post higher exports to the U.S. in each of 2001 and 2002.

Manitoba Foreign Exports

BY INDUSTRY	1998	1999	2000	2001	2002(p)	2002(p) Share
			(Millions of Dollars)			(%)
Manufacturing						
Food	1,040.5	834.2	830.0	995.9	1,045.7	11.3
Transportation Equipment	1,048.1	1,229.6	1,053.0	1,139.7	941.1	10.1
Primary Metals	716.0	608.1	745.8	803.5	847.1	9.1
Machinery	718.4	503.9	584.8	535.9	676.4	7.3
Wood	351.8	505.6	540.8	531.4	573.4	6.2
Chemicals and Chemical Products	232.0	333.6	359.2	418.1	402.6	4.3
Paper and Allied	236.2	240.9	268.6	254.9	267.9	2.9
Plastic Products	137.4	170.0	178.5	210.5	221.3	2.4
Printing, Publishing and Allied	92.9	101.4	124.8	165.6	194.0	2.1
Electrical and Electronic Products	303.7	235.7	274.7	273.8	188.3	2.0
Furniture and Fixtures	131.1	128.0	158.2	171.5	166.7	1.8
Refined Petroleum and Coal Products	65.3	88.5	205.8	118.7	135.5	1.5
Clothing	119.2	130.4	154.0	130.9	120.4	1.3
Other Manufacturing	212.3	237.7	268.7	278.7	307.7	3.3
Total Manufacturing	**5,404.9**	**5,347.6**	**5,746.8**	**6,029.1**	**6,088.1**	**65.6**
Agriculture	1,775.2	1,575.0	1,594.1	2,030.0	1,733.1	18.7
Electricity	356.2	343.0	442.7	534.7	389.5	4.2
Other Primary	354.3	550.5	639.8	714.5	792.4	8.5
Other Exports	178.0	222.9	255.4	267.8	278.0	3.0
Total Exports	**8,068.5**	**8,039.1**	**8,678.8**	**9,576.1**	**9,281.1**	**100.0**
BY DESTINATION						
United States	6,068.5	6,495.3	6,973.6	7,517.8	7,596.5	81.8
Japan	403.5	378.3	370.3	454.6	469.0	5.1
Mexico	141.1	105.5	124.8	177.3	138.5	1.5
Hong Kong	231.8	57.1	128.6	140.2	111.9	1.2
Belgium	119.1	88.2	127.5	147.5	109.8	1.2
China, P. Rep.	228.3	161.0	108.5	167.9	74.0	0.8
United Kingdom	108.7	68.3	61.3	56.1	65.2	0.7
Taiwan	64.4	33.8	55.2	52.1	54.0	0.6
Australia	21.2	18.8	27.4	39.5	47.6	0.5
Korea, South	21.2	23.5	34.5	47.7	39.1	0.4
Other Countries	660.7	609.3	667.1	775.3	575.4	6.2
Total Exports	**8,068.5**	**8,039.1**	**8,678.8**	**9,576.1**	**9,281.1**	**100.0**

Note: Export numbers to the United States exclude $898.9 million for coins (HS 7118) in 2000. Electrical energy exports to the United States for October 2002 estimated at $29.0 million.
Totals may not add due to rounding.

Source: Manitoba Bureau of Statistics

second-most important foreign market) increased 3.2%, while exports declined to other major markets – Mexico, Hong Kong, Belgium and the People's Republic of China. To a large degree, these reductions were prompted by lower demand for agricultural commodities and food products.

The Manitoba Bureau of Statistics reports that manufacturing industries' exports, which account for about two-thirds of Manitoba's total foreign exports, increased by 1.0%. Gains were posted by four of the five largest manufacturing industry categories. Exports in agriculture declined by 14.6%, principally reflecting lower exports of wheat, canola and pulse crop products. Electricity exports to the U.S. also declined due to low water levels.

■ Population

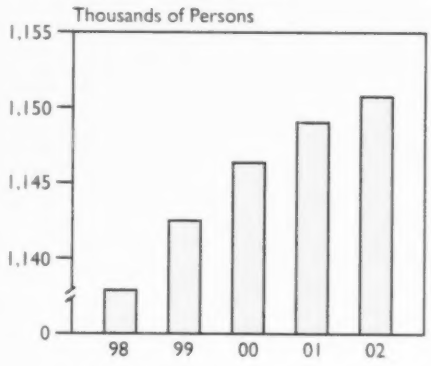
Manitoba's total population was estimated at 1,150,800 as of July 1, 2002. This is Manitoba's "official" population for the year. The population growth from 2001 was 1,700 persons, or 0.15% (see Chart 24).

For calendar year 2002, Manitoba saw total net out-migration fall to 1,081 from 2,614 in 2001. Total net international in-migration, including non-permanent residents and temporary movement of Canadians abroad, increased slightly to 3,279 (see Chart 25). Net provincial out-migration fell to 4,360 from 5,712 in 2001, a decline of 23.7%.

Statistics Canada has identified a problem with the quality of data on interprovincial migration for 2002. Interprovincial migration is a key component of population change for Manitoba. See explanation, "Note on Population Data Quality," page 26.

Chart 24

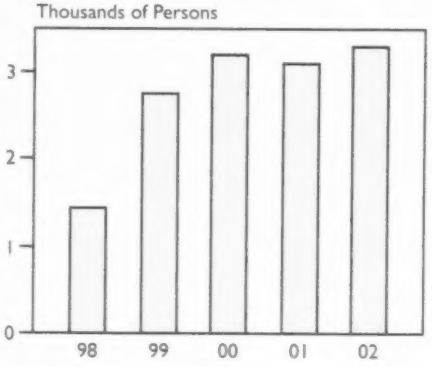
Manitoba Population



Source: Statistics Canada

Chart 25

Manitoba Net International Migration



Source: Statistics Canada

Overall, Manitoba's economy is expected to grow at rates near the national average in 2003 and 2004.

Manitoba Economic Outlook

Overall, Manitoba's economy is expected to grow at rates near the national average in 2003 and 2004. Most forecasters anticipate that the international economic outlook will strengthen appreciably in the second half of 2003 with strong growth sustained into 2004. Of course, considerable uncertainties – including those associated with the international geopolitical situation and international equities markets – exist in the short term.

The Manitoba Finance survey of economic forecasts shows that real GDP in Manitoba is projected to increase by 3.2% in both 2003 and 2004. This is in line with the survey's projected national increases of 3.3% in 2003 and 3.4% in 2004.

Manitoba's nominal GDP is projected to increase by 5.3% in 2003 and by 4.8% in 2004. This compares with projected national growth of 5.6% in 2003 and 5.2% in 2004.

Manitoba's employment is expected to grow 1.5% in 2003 and 1.4% in 2004, nearly the same pace as in 2002. Manitoba's unemployment rate is projected to be 5.0% in 2003 and 4.9% in 2004, down from 5.2% in 2002.

Manitoba's CPI inflation is projected to increase from 1.6% in 2002 to 2.2% in 2003. In 2004, the survey predicts inflation will ease back to 1.7%.

Manitoba Outlook at a Glance

	2001	2002	2003	2004
	(Percentage Change Except as Noted)			
Gross Domestic Product				
Real	1.5	3.1	3.2	3.2
Nominal	3.7	3.5	5.3	4.8
Employment	0.6	1.6	1.5	1.4
Unemployment Rate (%)	5.0	5.2	5.0	4.9
CPI	2.6	1.6	2.2	1.7

Sources: 2001 and 2002 are from Statistics Canada and Manitoba Bureau of Statistics; 2003 and 2004 are average of Manitoba Finance Survey of Independent Economic Forecasts

HIGHER INCOMES

One of the principal benefits of a growing economy is growing incomes. Growth in per capita incomes promotes personal consumption and increased living standards.

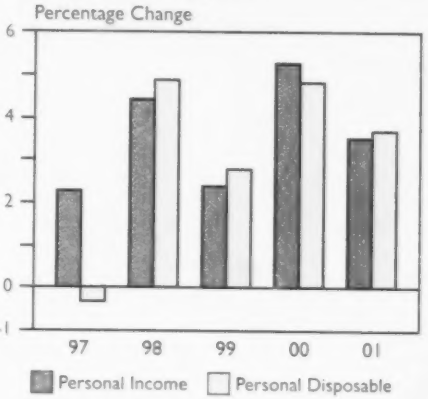
Economists gauge incomes through two principal measures. Personal income, as defined in economic terms, includes wages and salaries, investment income and transfers from government (for example, employment insurance payments and CPP income). Personal disposable income is personal income less personal income taxes and social security contributions. Broadly, personal disposable income is the income left to individuals after their personal taxes have been paid.

Manitoba has a strong record of per capita income growth. In 2001, per capita personal disposable income grew 3.7%, slightly ahead of the national average increase of 3.4%, and above the inflation rate of 2.6%. In each year during 1997–2001, Manitoba's per capita personal disposable income level was fourth in Canada behind Alberta, Ontario and British Columbia. Manitoba's per capita personal disposable income grew 17.2% between 1997 and 2001, in line with the national average increase of 17.5%.

Statistics Canada data for 1997–2001 shows that Manitoba's per capita personal income grew by 16.5%, second-best among western provinces and just behind the national increase of 17.6% (see Chart 26). In 2001, Manitoba's personal income per person increased 3.5%, higher than the national average increase of 3.0%.

Chart 26

Manitoba's Personal Income Per Capita and Personal Disposable Income Per Capita



Source: Statistics Canada

In each year during 1997–2001, Manitoba's per capita personal disposable income level was fourth in Canada behind Alberta, Ontario and British Columbia.

Note on Population Data Quality

Statistics Canada normally bases its preliminary estimates of interprovincial migration on change of address information contained in Child Tax Benefit files maintained by the Canada Customs and Revenue Agency (CCRA). However, Statistics Canada has been unable to obtain this information from the CCRA for most of 2002. For the 12 months of 2002, only April, May and November are completely based on information from the CCRA.

Statistics Canada has filled in the missing months of data by using "adjusted" proxy estimates for the same months in 2001. Currently, no precise adjustment information has been released by Statistics Canada as to how it has produced the quarterly interprovincial migration estimates.

Another complication arising in respect of the data for 2002 relates to international emigration. Child Tax Benefit data is used to help estimate international out-migration. Since data were not available for most of 2002, adjusted numbers from previous periods were used.

THE MANITOBA ECONOMY: STRENGTH IN DIVERSITY

Manitoba has one of Canada's most diverse economies. Studies by Moody's Investors Service in 2000 and 2002 showed that Winnipeg has one of the most diverse economic structures among major metropolitan centres in Canada.

Diversity is one of Manitoba's major economic strengths. It provides stability over time, as periodic weakness in some industries tends to be balanced by strength in others. No one industry dominates the province's economy.

The growing diversity of Manitoba's economy has provided Manitoba businesses and workers with a more stable environment to grow and work. In fact, Statistics Canada data shows that Manitoba's economy posted the most stable growth among provinces over the past five years.

New developments in traditional industries have provided opportunities for Manitoba businesses to diversify into new markets, and bring new products to existing markets. This continual broadening of Manitoba's economic base will provide even greater stability and certainty for Manitobans into the future.

The growth in non-traditional exports is illustrated by the change in the composition of Manitoba's exports. While Manitoba's foreign commodity exports have increased dramatically over the past several years, the diversification of the economy can be best illustrated by the change in the shares of exports among major industries. In particular, manufacturing, which in 1996 accounted for about 57% of Manitoba's exports, has grown steadily to account for 66% of foreign exports in 2002. New products contributed significantly to this growth, as exports of commodities like furniture, prepared meats, potato products, industrial chemicals, plastic products, pharmaceuticals, and printing and publishing goods increased dramatically.

Composition of Manitoba Foreign Commodity Exports, 1996 & 2002

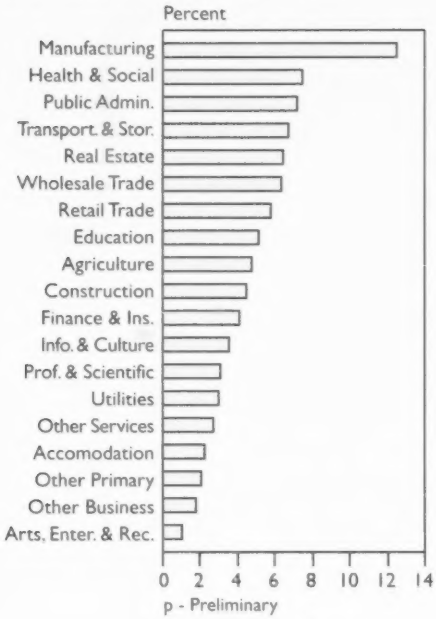
	1996	2002
	(Percent of Total)	
Manufacturing	57	66
Agriculture	28	19
Other Primary	9	9
Electricity	5	4
All Other	1	3

"Manitoba's highly diversified economy provides further support to the credit rating as it limits exposure to cyclical events in any one industry or sector."

Moody's Investors Service
January 2003

Chart 27

Shares of Manitoba Gross Domestic Product, 2002p



p - Preliminary

Source: Manitoba Bureau of Statistics

Manufacturing is Manitoba's largest sector, accounting for about 13% of total GDP. It accounted for about two-thirds of Manitoba's foreign commodity exports last year. Manitoba is home to Canada's largest furniture plant and is a major location for the manufacture of aerospace equipment, chemicals, machinery, clothing, and processed foods. Home to Motor Coach Industries and New Flyer Industries, Manitoba is also North America's largest producer of intercity and urban buses.

Primary industries have historically played an important role in Manitoba's economic growth and development. Agriculture, mining and other primary industries contribute about seven percent of Manitoba's GDP directly. Manitoba's agriculture sector has diversified significantly over the past several years, and now produces a wide array of crop and livestock varieties. Substantial investments in diversification into higher value-added industries have occurred over the past several years. This sector also has strong linkages to Manitoba's $3 billion food processing industries.

One factor that has provided Manitoba with economic stability is its relatively large service sector. This sector includes industries such as wholesale and retail trade, finance and insurance, transportation, health care, education and real estate. Service industries accounted for approximately 73% of Manitoba's total economy in 2001, higher than the Canadian level of 69%. The service sector also accounts for about 76% of Manitoba employment.

Manitoba's service sector tends to be less susceptible to fluctuations through the business cycle than most goods-producing industries. The province is home to many major service sector operations, including the head offices of two of Canada's major financial corporations – Great-West Life and Investors Group – the International Institute for Sustainable Development, the Canadian Wheat

Board, and CanWest Global Communications. Winnipeg is also a major centre for several other service industries, including other transportation and storage industries, business call centres and wholesale trade.

Manitoba is at the northern end of the mid-continent trade corridor that connects Canada to the central U.S. and Mexico. Winnipeg's location at the main lines of the two national railways and three railway lines to the U.S., coupled with major air and road transport capabilities, is reflected in a large cargo and freight transportation sector. Three of Canada's ten largest employers in the for-hire trucking industry are headquartered in Winnipeg. The Emerson-Pembina North Dakota border crossing is the second-busiest international border crossing in Western Canada.

Research and innovation continue to play a major role in promoting the diversification of Manitoba's industries. Total R&D expenditure in Manitoba equals 1.2% of provincial GDP, fourth-highest among the provinces. The development and diffusion of innovations have strengthened the province, and a number of major research establishments are located in the province.

Higher education institutions perform a significant portion of the research activities in Manitoba. Statistics Canada estimates that the R&D expenditure in Manitoba's higher education sector in 2000/01 totaled $189.6 million, an increase of 45% from the 1998/99 level.

Several new investments will further expand Manitoba's capacity in its life sciences sector in 2003 and 2004 (see Capital Investments, Science, Technology and R&D, 2003, page 37).

Manufacturing Exports, Major Growth Categories, 1996-2002

	Percent Change
Printing & Publishing	317.2
Chemicals	246.2
Wood	176.9
Primary Metals	136.2
Plastics	124.2
Fabricated Metals	105.9
Food & Beverages	91.4

Manitoba Economic Statistics, 1998 to 2002

	1998	1999	2000	2001	2002
	(Millions of Dollars)				
SECTORS					
Farm Cash Receipts	2,962	2,959	3,178	3,648	3,755
Crops	1,644	1,415	1,322	1,486	1,849
Livestock	1,225	1,329	1,569	1,779	1,687
Direct Payments	92	216	287	382	219
Manufacturing Shipments	10,373	10,656	11,344	11,466	11,538
Mineral Production	967	907	1,234	1,023	982
Electric Power Sales	1,130	1,179	1,295	1,458	1,361
Export Sales	321	363	454	596	472
Housing Starts (no. of units)	2,895	3,133	2,560	2,963	3,617
Retail Trade	8,773	9,026	9,396	9,937	10,622
FOREIGN EXPORTS					
Total Exports	8,069	8,039	8,679	9,576	9,281
U.S.	6,069	6,495	6,974	7,518	7,597
GROSS DOMESTIC PRODUCT					
Nominal	30,941	31,913	33,420	34,666	35,886
Real	31,011	31,585	32,341	32,838	33,865
BASE RATE WAGE SETTLEMENTS (%)					
Public	1.2	2.4	2.5	2.4	4.6
Private	1.6	2.9	3.3	2.5	1.3
Total	1.4	2.5	2.6	2.4	4.0
INVESTMENT					
Total	5,152	5,237	5,181	5,710	5,795
Private	4,083	3,847	3,870	4,359	4,363
Public	1,069	1,390	1,311	1,350	1,433
Non-residential	4,287	4,368	4,323	4,791	4,682
Housing	866	870	858	919	1,114
POPULATION					
July 1 (000's)	1,138	1143	1,146	1,149	1,151
LABOUR MARKET					
Labour Force (000's)	566.8	574.8	583.2	587.1	598.0
Employment (000's)	535.7	542.7	554.4	557.9	567.0
Participation Rate (%)	67.0	67.5	67.9	68.1	69.2
Unemployment Rate (%)	5.5	5.6	4.9	5.0	5.2
CONSUMER PRICE INDEX					
(Index, 1992=100)	113.0	115.2	118.1	121.2	123.1
BANKRUPTCIES					
Business	266	216	253	300	249
Farm	27	29	18	19	41
Personal	2,422	2,466	2,475	2,493	2,437

Sources: Statistics Canada and Manitoba Bureau of Statistics

1998	1999	2000	2001	2002	
	(Annual Percentage Change)				
					SECTORS
-3.7	-0.1	7.4	14.8	2.9	Farm Cash Receipts
-4.7	-14.0	-6.5	12.4	24.4	Crops
1.4	8.4	18.1	13.4	-5.2	Livestock
-35.2	134.6	32.9	33.1	-42.7	Direct Payments
6.6	2.7	6.5	1.1	0.6	Manufacturing Shipments
-14.1	-6.2	36.0	-17.1	-4.0	Mineral Production
1.6	4.4	9.8	12.6	-6.6	Electric Power Sales
11.2	13.0	24.9	31.4	-20.8	Export Sales
10.8	8.2	-18.3	15.7	22.1	Housing Starts (no. of units)
2.1	2.9	4.1	5.7	6.9	Retail Trade
					FOREIGN EXPORTS
10.3	-0.4	8.0	10.3	-3.1	Total Exports
12.8	7.0	7.4	7.8	1.0	U.S.
					GROSS DOMESTIC PRODUCT
4.0	3.1	4.7	3.7	3.5	Nominal
4.2	1.9	2.4	1.5	3.1	Real
					BASE RATE WAGE SETTLEMENTS (%)
-	-	-	-	-	Public
-	-	-	-	-	Private
-	-	-	-	-	Total
					INVESTMENT
2.2	1.6	-1.1	10.2	1.5	Total
3.6	-5.8	0.6	12.6	0.1	Private
-2.7	30.0	-5.7	3.0	6.1	Public
1.3	1.9	-1.0	10.8	-2.3	Non-residential
7.1	0.5	-1.3	7.1	21.2	Housing
					POPULATION
0.1	0.4	0.3	0.2	0.1	July 1 (000's)
					LABOUR MARKET
0.9	1.4	1.5	0.7	1.9	Labour Force (000's)
1.9	1.3	2.2	0.6	1.6	Employment (000's)
-	-	-	-	-	Participation Rate (%)
-	-	-	-	-	Unemployment Rate (%)
					CONSUMER PRICE INDEX
1.3	1.9	2.5	2.6	1.6	(Index, 1992=100)
					BANKRUPTCIES
-8.9	-18.8	17.1	18.6	-17.0	Business
42.1	7.4	-37.9	5.6	115.8	Farm
-12.6	1.8	0.4	0.7	-2.2	Personal

Appendix 1:
RESEARCH AND INNOVATION

Innovation is the means by which new ideas and techniques are applied to improving products, processes and services in a way that increases the standard of living, boosts productivity, conserves resources or increases competitiveness. Innovation can lay the foundation for growth in investment, job creation and export opportunities.

An important part of the innovation process involves research and development (R&D). Research is an investment in knowledge, and a necessary step in the process of innovation. Countries that perform R&D – be it through the activities of government, business, not-for-profit organizations or through institutions of higher learning – also build a knowledge base among their citizens for a skilled and productive work force.

Research can also facilitate improvements to our quality of life. Advances in research promote progress in important areas such as medicine, personal security, the environment, education and agricultural production. All of these improvements directly enhance our well-being.

■ Manitoba's Research Environment

The current level of gross expenditure on research and development in Manitoba is estimated to be equal to about 1.2% of Manitoba GDP, fourth-highest among the ten provinces. Industry, government and universities all undertake significant R&D activity in Manitoba.

Statistics Canada estimates that total gross expenditure on R&D in Manitoba in 2000 was $404 million, up from $298 million in 1998.

Over 220 Manitoba businesses were involved in R&D programs across a variety of economic sectors. These firms spent $125 million on in-house R&D in Manitoba in 2000, and employed 1,300 personnel in research activities.

Provincial Government Expenditure on R&D, 1997/98 - 2001/02

p - Preliminary

Source: Statistics Canada

Research and innovation in Manitoba spans a broad range of industries, including engineering, medicine, pharmaceuticals, agriculture and agri-food, aerospace products and other transportation equipment. The list of firms undertaking research in the province include Apotex, Cangene Corporation, Vasogo Electronics, Nowadaq Technologies Inc., Biovail Corporation, Advanta Seeds, Agricore United, Monsanto and Bristol Aerospace.

One of Manitoba's widely recognized research strengths is in the fast-growing biotechnology sector. The province is home to 37 biotechnology companies, one in ten of Canada's biotechnology

companies currently undertake research in Manitoba. Health, environmental and agricultural biotechnology are the primary research areas, with a specific focus on cardiac and vascular diseases, infectious diseases, cell biology and gene technology, nutraceuticals, disease resistance and quality enhancement in cereal and oilseed crops. The province is home to 20 research centres and groups that undertake biotechnology research.

Manitoba is also home to a number of major public research and development facilities. These include the University of Manitoba, the St. Boniface General Hospital Research Centre, the $142 million Canadian Science Centre for Human and Animal Health, the National Research Council's Institute for Biodiagnostics, the Manitoba Industrial Technology Centre, TRLabs, the Food Development Centre, the National Centre for Agri-Food Research in Medicine, Agriculture and Agri-Food Canada's Cereal Research Centre, Canadian International Grains Institute and the Prairie Agricultural Machinery Institute.

While the province is widely recognized for its current research facilities and programs, a number of significant new projects will further add to the province's R&D networks.

- The 110,000 square foot St. Boniface General Hospital Research Centre is currently home to dozens of major world-class research programs, cardiac and vascular sciences, oncology, neurodegenerative disorders, and health research on ageing. Construction is currently under way on the $25 million I.H. Asper Clinical Research Institute, adjacent to the St. Boniface General Hospital Research Centre. The new 100,000 square foot research facility will help bridge research and patient care, and will provide the clinical resources necessary for the improvement of cardiac and vascular medicines and treatments. When completed and operating at full complement, the combined Research Centre and Clinical Research Institute will boast a staff complement of 600, with gross annual revenue of approximately $60 million.

- The Richardson Centre for Functional Foods and Nutraceuticals will bring together researchers from the agriculture, foods sciences, human nutrition, medicine and pharmacology disciplines, along with their industry partners to study and develop functional foods and nutraceuticals. Research will focus on agricultural products important to the prairie region, including oats, wheat, buckwheat, canola, flax, hemp and pulse crops. Construction on this $25 million facility will begin at the University of Manitoba's SMARTpark in the autumn of 2003 with completion expected by the end of 2004.

- In a few months, construction will begin on the National Research Council's new $10 million Industrial Partnership Facility, adjacent to the NRC's Institute for Biodiagnostics (IBD). The new 45,000 square foot facility will incubate startup companies from the high-tech medical technology sector and spin-offs from the NRC, assisting them to become self-sustaining. Included in the facility will be the Institute's Business Development Office and the Prairie Centre for Business Development. Established in 1992, the IBD has grown to employ over 150 staff, specializing in magnetic resonance technology, spectroscopy, informatics and biosystems research.

- Winnipeg's reputation as a centre of excellence for medical research helped secure the new $3 million Breast Cancer Research and Diagnostic Centre. Supported by the federal and Provincial governments in partnership with the CancerCare Manitoba Foundation, the Centre

will be affiliated with the Manitoba Institute of Cell Biology. The Institute currently has about 110 researchers actively involved in scientific research.

The federal government continues to have a major presence in science and technology funding in Canada. In Manitoba, federal funding for R&D was estimated at $122 million for 2000/01, about 3.1% of the federal government's total commitment to R&D nationally. This share of national R&D investment is lower than Manitoba's share of national population, and the Government of Manitoba has encouraged the federal government to boost R&D funding in the province to ameliorate the funding deficiency.

The federal government supports science activities performed by federal departments and agencies, universities, businesses or other organizations. Federal departments and agencies conducting research in Manitoba include Agriculture Canada, Environment Canada, Fisheries and Oceans, Health Canada and the National Research Council.

Provincial Support for Research and Innovation

The Province supports research and innovation both through direct spending programs and through the Manitoba Research and Development Tax Credit.

Manitoba's direct expenditures on R&D include internal departmental spending, support to business enterprises, R&D support to universities and health care organizations, and through the activities of the Industrial Technology Centre.

In 2001/02, direct expenditure on R&D by the Provincial Government was $19.3 million, up 7.2% from $18.0 million in 2000/01, and significantly higher than the $14.7 million R&D expenditure in 1999/2000.

Most of the Provincial Government's direct expenditure commitment to R&D is provided to universities. About 51% of total Provincial R&D support is for work performed by Manitoba's institutions of higher education.

A further 23% of Provincial R&D expenditure is provided to hospitals and health organizations, including the Manitoba Health Research Council. The balance of provincial R&D support, accounting for 26% of the total, is provided through the work of government departments, private businesses and other parties.

Manitoba's Research and Development Tax Credit encourages private sector R&D activity in Manitoba. The Tax Credit Program provides a 15% non-refundable credit for qualifying R&D expenditures (see "Manitoba Research and Development Tax Credit," page 361.

Manitoba partners with the federal government through the Manitoba Research and Innovation Fund (MRIF). The MRIF was established to assist in increasing the capabilities of Manitoba universities, colleges, hospitals and not-for-profit sector to conduct scientific research and product development. The Provincial Government and the federal government, through the Canadian Foundation for Innovation, provide matching contributions in support of qualifying research projects.

In 2002/03, dozens of projects were funded through the MRIF, including several research projects supported through the Regional Partnerships Program, a co-funding arrangement with the Canadian Institutes for Health Research. The table "Manitoba Research and Innovation Fund Projects, 2002/03" on page 38 provides a list of some of the research projects funded last year.

As well as providing health research support through the MRIF and the sub-component program, the Regional Partnerships Program, Manitoba has implemented the Health Research Initiative. The objectives of the Initiative are to assist Manitoba's health research centres to increase R&D activities in Manitoba and facilitate sustained economic growth and the creation of high-quality jobs. The program is an incentive-based initiative with the distribution of funds tied to the amount of research revenue each Manitoba health research centre attracts from private industry and from granting agencies outside the province. In 2002/03, the Health Research Initiative provided $3 million to support operating costs for five health research centres in Manitoba.

The Manitoba Health Research Council (MHRC) promotes and assists basic, clinical and applied health sciences in Manitoba and advises the Ministers of Health and Energy, Science and Technology on health matters referred to MHRC. The MHRC operates a number of funding programs, including awards to post-doctoral and graduate students, Ph.D. dissertation awards, operating and establishment grants and bridge funding for researchers. In 2002/03, MHRC awarded $1.9 million in research grants to health researchers including $182,000 for the federal-provincial Research Partnerships Program. The Province also supports health research through its support for the Manitoba Centre for Health Policy ($1.85 million annually).

The Government of Manitoba is also a partner with the federal government in the Networks of Centres of Excellence program. This program was established several years ago to support research at universities and hospitals in partnership with the private sector. Manitoba's objectives in developing the Manitoba Centres of Excellence Fund (MCEF) are to attract and maintain world-class R&D activity to Manitoba and to generate related spin-off benefits for local companies and non-profit institutions.

In 2002/03, 12 Manitoba Network of Centres of Excellence research programs received support through the MCEF. Grants of between $10,000 and $190,000 were provided to R&D programs such as the Canadian Genetic Diseases Network, the Canadian Institute for Telecommunications Research, Intelligent Sensing for Innovative Structures, Vaccines & Immunotherapeutics of Cancer & Chronic Viral Diseases (CANVAC), and Sustainable Forest Management.

Manitoba continues to support a number of major research initiatives in the province related to agriculture. The Agri-food Research and Development Initiative (ARDI) provides funding for research and development aimed at enhancing diversification, value-added opportunities and export capabilities in the province's large agri-food sector. Last year, $1 million was devoted to this program.

The Province operates a special operating agency, the Food Development Centre, to undertake R&D and related services to bring new Manitoba food products to market. Located in Portage la Prairie, the Centre provides support to clients in areas such as product development, food

■ MANITOBA RESEARCH & DEVELOPMENT TAX CREDIT

In 1992, Manitoba introduced a 15% non-refundable Corporate Income Tax credit for scientific research and experimental development undertaken in Manitoba by a taxable corporation with a permanent establishment in Manitoba. The incentive is tied to the criteria used to determine eligibility for the federal investment tax credit on qualifying R&D expenses and supplements the federal credit.

The federal and provincial R&D credits are broadly targeted insofar as both incentives are activity based, and apply to all sectors and industries. Both current expenditures, which include remuneration of persons engaged in research and the cost of materials, and prescribed capital expenditures, which includes the cost of machinery and equipment, are eligible expenses for purposes of Manitoba R&D tax credit amounts.

From the inception of the Manitoba R&D tax credit through to the 2001 taxation year (latest year for which data is available), $67.3 million in provincial tax credits have been paid to firms conducting R&D in Manitoba.

Further details in respect of the Research and Development Tax Credit programs are available at http://www.ccra-adrc.gc.ca/taxcredit/sred/menu-e.html.

Over the years, studies by various agencies have repeatedly confirmed that Canada's income tax treatment of research and development is among the most generous in the world, especially when coupled with Provincial incentives. The following table shows the after-tax cost associated with R&D current expenses for a large corporation and a small privately-owned corporation, based on 2002 income tax rates.

After-Tax Cost of $100 R&D Expenditure, 2003

	Large Corporation	Small Private Corporation
Eligible R&D expenditure	$100.00	$100.00
(less) Manitoba tax credit	15.00	15.00
(less) Federal tax credit	17.00	29.75
Deductible Amount	68.00	55.25
Tax Savings:		
Manitoba	10.88	2.76
Federal	16.40	7.25
Net-after tax cost	**40.72**	**45.24**

processing and packaging and shelf life testing. The Centre is undergoing an $11 million expansion, which should further support the diversification of the agri-food sector in Manitoba, and move more new products from the province into the international marketplace.

Portage la Prairie is also home to the Prairie Agricultural Machinery Institute (PAMI) Manitoba testing and development station. Established over 25 years ago, PAMI is jointly sponsored by the governments of Manitoba and Saskatchewan. PAMI tests machinery for a wide range of clients, including equipment manufacturers, farm producers, commodity groups and governments. Although the Provincial Government provides some financial support to the Institute, PAMI has been a largely self-supporting research organization through fee-for-service arrangements.

Another special operating agency of the Manitoba Government is the Industrial Technology Centre (ITC). ITC provides advanced technical research and testing for a variety of clients, including a calibration laboratory, noise and vibration analysis, mechanical testing and administrative support for product development and related activities. In December 2001, ITC opened the new $1.5 million Virtual Reality Centre, which allows businesses to realistically simulate new products before they are built. Manufacturers can use virtual technology to design any product with computer images that show how two-dimensional models will actually look and feel in a three-dimensional world.

Manitoba is home to one of five TRLabs applied research laboratories. Sponsored by a private-public sectors partnership, and funded in part by the Department of Energy, Science and Technology, TRLabs specializes in information and communications technology research. Manitoba's research centre focusses on data networking technologies. Created in April 1995, it is now a major component of Manitoba's high-tech infrastructure, delivering benefits to small and medium-sized enterprises, high-tech students, the University of Manitoba and the information and communication technology sector at large. In February 2003, TRLabs relocated to a new 6,000 square foot facility at the University of Manitoba's SMARTpark. Over 60 staff are presently involved in research at the Winnipeg TRLabs facility.

As well as direct sponsorship of research and innovation programs in the province, the Province has supported several investment capital supply programs. Some have provided venture capital support

Capital Investments, Science, Technology and R&D, 2003

- Richardson Centre for Functional Foods and Nutraceuticals
- I. H. Asper Clinical Research Centre
- National Research Council's Institute for Biodiagnostics, Industrial Partnership Facility
- Breast Cancer Research and Diagnostic Centre
- Cangene Corporation Facility Expansion
- Biovail Corporation Facility Expansion
- Brett-Young Seeds R&D Facility
- Food Development Centre Expansion
- SMARTpark Multi-Tenant R&D Facility
- Centre for Agroecological Livestock Production Systems
- TRLabs - Network of the Future
- Centre for Applied Research and Sustainable Infrastructure
- Advanta Seeds Carman Research Facility Expansion

Manitoba Research and Innovation Fund Projects, 2002/03

	Funding (Thousands of Dollars)
Regional Partnership Program for Medical Research - Projects	213
Canada Research Chair – Applied Electromagnetics	153
Centre for Advanced Animal Metabolism Research	280
Molecular Signaling Networks Regulating Immune Response	207
Biodiversity and Environmental Science Laboratories	179
Ground-Based Remote Sensing for Atmosphere	160
Centre for Agroecological Livestock Production Systems	1,770
Laser Ablation Microprobe	188
Manitoba Breast Cancer Research and Diagnosis Centre	604
Network of the Future – Core Architecture and Enabling Technology	368
National Microelectronics and Photonics Testing Collaboratory	200
200 kV Field Emission Gun Cryo – Electron Microscope	599
CARSI – Sustainable Infrastructure, Red River College	275
600 MHz NMR Spectrometer for Solids and Liquids	418
All Other Projects	1,220
Total	6,834

Source: Department of Energy, Science and Technology

to new and innovative companies, including the Manitoba Science and Technology Fund and Renaissance Capital Fund. Two labour-sponsored venture capital corporations, the Crocus Investment Fund and Ensis Growth Fund Inc., are an active, ongoing source of investment capital for growing Manitoba companies.

In 2002, the governments of Manitoba and Saskatchewan, together with several private and public sector organizations, announced the creation of a new $45 million venture capital fund focussing on new biotechnology and medical investments in Western Canada. Similar to some existing limited partnership funds, the Western Life Sciences Venture Fund will focus on bringing life sciences research and new knowledge to commercial development.

Manitoba Hydro commits approximately $5 million per annum to a research and development program to assist in providing higher system reliability, lower electricity rates, increased safety of the system infrastructure and improved customer quality of service. Some of this research is undertaken in-house, while the company sponsors other research at universities and other external research facilities. At any one time, Manitoba Hydro may be involved in as many as 100 individual research projects.

Manitoba Hydro also operates the HVDC Research Centre. The Centre, established in 1981, performs innovative research and development in HVDC and power electronic technologies, instrumentation, and simulation. The Centre has become a world leader in the technology of electric power system simulation, applied power systems analysis and related technologies.

In September 2002, the Manitoba Government created a new department to link together Provincial research and technology programs and help stimulate knowledge-based sectors such as biotechnology and information technology. The Department of Energy, Science and Technology also focusses on energy-related issues such as climate change, energy alternatives and energy resource management.

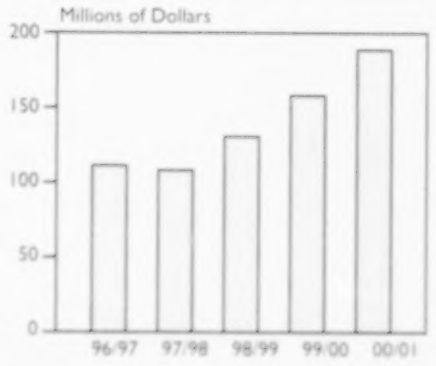
■ University of Manitoba

Universities and other post-secondary institutions play a critical role in Canadian R&D activities. These institutions are providing the knowledge and the skilled labour force necessary for innovation, and serve as incubators for new ideas in basic and applied research.

In Canada, higher education institutions account for about one-third of the R&D work performed. In Manitoba, higher education accounts for about half of the R&D work performed.

Statistics Canada estimates that R&D expenditures by Manitoba's higher education sector in 2000/01 totaled $189.6 million, up from $157.6 million in 1999/2000 and $130.8 million in 1998/99. Natural sciences and engineering (including health sciences) accounted for approximately three-quarters of this total, while social sciences accounted for the remainder.

R&D Expenditures in Manitoba Higher Education 1996/97-2000/01



Source: Statistics Canada

The University of Manitoba is one of Canada's major research universities. It provides instruction to more than 30,000 students annually, and has 6,000 academic and support staff. The University's reputation for outstanding research has earned it national and international recognition, and has helped it to earn over $90 million annually in grants and contracts. Many of the research projects conducted at the University involve collaboration and partnership with other higher education institutions, private firms and governments. The University is home to more than 20 research centres and institutes ranging in scope from applied ethics to cardiovascular sciences. The University is home to the Freshwater Institute, Cadham Provincial Laboratories and the Agriculture Canada Research Station.

The University is an active participant in the national Networks of Centres of Excellence program. Currently, the University's researchers participate in 16 of the 22 networks created under this program, and the University is the headquarters of Intelligent Sensing for Innovative Structures

Canada, the national network focussing on "smart" civil infrastructure. Other networks in which the University participates include: genetic diseases, arthritis, stroke research, telecommunications research, robotics and intelligent systems, bacterial diseases, protein engineering, water research, sustainable forest management, photonic innovations, microelectronic devices and systems, automobile design and engineering, vaccines and immunotherapeutics, mathematics of information technology, and health information.

The University of Manitoba has established almost 30 research chairs to ensure its leadership role in areas of established excellence. The research programs of these chairs focus on such important fields as aerospace materials, infectious diseases, population health, applied electromagnetics and cancer cell biology. The University's life sciences research activities are further strengthened through active partnerships with several major provincial medical research organizations, including CancerCare Manitoba the Health Sciences Centre, St. Boniface General Hospital Research Centre, the Manitoba Institute of Child Health and the Canadian Science Centre for Human and Animal Health.

The last year has seen a number of important developments at SMARTpark, the research and innovation park located at the University of Manitoba. SMARTpark brings together industry and the University to promote R&D and the growth of knowledge-based industry. One of the key features of the park is its proximity and access to the University.

2002 saw the construction of the new 30,000 square foot multi-tenant research facility at SMARTpark. Two independent firms and a business incubator facility, "Incubat," have now made the SMARTpark facility home. Incubat is intended to promote the development and commercialization of research from the information technology and biotechnology sectors in Manitoba through mentoring, technology transfer and knowledge-based economic development.

Construction is also under way for an $8.5 million, 65,000 square foot expansion to the Cangene Corporation pharmaceuticals facility at SMARTpark. In the spring of 2003, construction of a second multi-tenant facility will begin and, later in the year, construction is expected to start on the new Richardson Centre for Functional Foods and Nutraceuticals.

Budget Paper B

FINANCIAL REVIEW AND STATISTICS

FINANCIAL REVIEW AND STATISTICS

Contents

Introduction 1

2002/03 Results 2

2003/04 Budget 5

Provincial Revenue, 2003/04, Major Sources 6

Revenue by Source, 2003/04 and 2002/03 6

Revenue Estimates 7

Provincial Operating Expenditure, 2003/04, Major Categories 8

Program Expenditure Estimates, 2003/04 and 2002/03 8

Operating Expenditure Estimates 9

Manitoba Financial Statistics, Ten-Year Summary 10

The Medium-Term Fiscal Framework 14

Improving Transparency and Accountability 15

Report on Consolidated Operations and Summary Budget Forecast 16

Capital Investment 21

Capital Grants, Infrastructure and Capital Investment 21

Special Funds Balances 22

Fiscal Stabilization Fund 22

Debt Retirement Fund 23

Loan Act Requirements 24

Borrowing Requirements 25

Statement of Valuation and Purpose of Direct and Guaranteed Debt Outstanding 26

Direct and Guaranteed Debt 27

Introduction

The Financial Review and Statistics Paper provides the financial detail for the 2003 Budget and the information necessary to fulfil the Government's commitment to provide transparent accountability on its stewardship of the Province's finances.

These financial statistics show that:

- the budget will again be balanced in accordance with *The Balanced Budget, Debt Retirement and Taxpayer Accountability Act.*
- revenue has been stabilized despite the 2001 downturn in the economy and the fall-out from a federal accounting error.
- education, health and other priority programs have been supported through consistent and responsible expenditure growth.
- personal taxes have been reduced in our four Budgets, to a cumulative annual total of $301 million. Major tax reductions have been directed to provide relief for working families. For example, one-income families of four earning $60,000 annually on average will have received tax cuts totalling $1,442 annually, a reduction of 21.8%. As a proportion of provincial Gross Domestic Product (GDP), Manitoba taxes and fees will have fallen by 9.3% since 1998/99.
- General Purpose Debt has fallen. Public debt costs are below 5% of total revenue. That is 38.4% lower than when this Administration took office, and the lowest proportion in the past 20 years. This allows funds to be re-directed to programs which meet the needs of our families and our economy.
- the Government has been the first in Manitoba to address the Province's pension liability and provide a plan to repay both the General Purpose Debt and the pension liability. Over four years, through fiscal year 2003/04, $384 million will have been set aside for debt and pension liability retirement.

The foundations of Budget 2003, as with our past three budgets, are laid using this balanced approach to fiscal management. The Government is dedicated to providing transparency and accountability to the people of Manitoba.

Comparative Statement of Budgetary Revenue, Expenditure, Transfers and Balance

2002/03

	2002/03 Forecast	2002/03 Budget	Increase/(Decrease) From Budget to Forecast	
	(Millions of Dollars)		(Millions of Dollars)	%
Revenue				
Own-Source	4,598	4,579	19	0.4
Federal Transfers	2,242	2,362	(120)	(5.1)
Extraordinary Revenue - Manitoba Hydro (2001/02)	150	0	150	
Total Revenue	6,990	6,941	49	0.7
Expenditure				
Program	6,632	6,560	72	1.1
Debt Servicing	335	368	(33)	(9.0)
Total Expenditure	6,967	6,928	39	0.6
Net Revenue	23	13	10	
Interfund Transfers				
Debt/Pension Repayment	(96)	(96)	0	
Fiscal Stabilization Fund	77	93	(16)	
Balance Under Balanced Budget Legislation	4	10	(6)	

■ 2002/03 Results

In the 2002 Budget, the Government outlined its plan to cope with the impacts of an economic slowdown and a major federal accounting error. Much as projected, revenue was impacted by the economic slowdown, especially Corporate Income Tax receipts. As noted in the 2002 Manitoba Budget, Finance Canada identified that Manitoba had been overpaid with respect to Personal Income Tax collected by the federal government on behalf of the Province by $408 million between the 1993/94 and 1999/2000 fiscal years. Furthermore, $168 million had to be repaid in March 2002 with respect to the final settlement for the 2000 tax year, based on actual assessments. However, the federal government had not considered the effects its error had on equalization payments. Manitoba was able to negotiate a settlement which reflected both Personal Income Tax and equalization. The accounting error was resolved with the federal government in the manner proposed in our 2002 Budget.

The projected results for the 2002/03 fiscal year have been updated for three significant changes occurring since the Third Quarter Report. In the Third Quarter Report, it was noted that the federal government proposed to use forecast data which would impact the timing of equalization receipts with respect to the mining tax base. The federal government has now confirmed that this data will be used to calculate interim entitlements for all provinces. Therefore, Manitoba's equalization revenue for 2002/03 fell $84 million below the amount included in the Third Quarter projection which, after other revenue offsets are considered, results in an adjustment to the projected Fiscal Stabilization Fund draw. However, when equalization entitlements are re-calculated in 2003/04 using more current data, Manitoba anticipates receiving additional equalization revenue. Revised information also has been provided with respect to the final entitlements for Personal and Corporation Income Tax revenues for 2002/03. Personal Income Tax revenue will be $21 million higher and Corporation Income Tax revenue $10 million lower than projected in the Third Quarter Report. The Government projects a positive balance under balanced budget legislation of $4 million for the 2002/03 fiscal year.

Revenue

As noted in Quarterly Reports for the year, a $150 million payment from Manitoba Hydro related to export profits, which the 2002 Budget had anticipated as being recorded in the 2001/02 fiscal year, was received in August 2002, and has been recorded as extraordinary revenue in the 2002/03 financial results. The resulting improvement in revenue has been almost entirely offset by declines in equalization revenue which total $144 million. As a result of these two items, and improvements in other revenue, total projected revenue for the 2002/03 fiscal year is $6,990 million, or $49 million more than budgeted.

Expenditure

The Third Quarter Report projected expenditure is $6,967 million, $39 million or 0.6% above the 2002 Budget projection. This reflects increases primarily in health care and emergency expenditures related to forest fires and flooding, partially offset by lower public debt costs.

Net Revenue

Net revenue is now projected at $23 million, or $10 million higher than the 2002 Budget projection.

Balance Under Balanced Budget Legislation

An amount of $96 million will be applied against General Purpose Debt and pension liability retirement. The transfer of $77 million from the Fiscal Stabilization Fund to the Operating Fund is $16 million less than budgeted. This is applied to the debt and pension liability payment. As noted above, this results in a positive balance under balanced budget legislation of $4 million.

Comparative Statement of Budgetary Revenue, Expenditure, Transfers and Balance

2003/04 and 2002/03

	2003/04 Budget	2002/03 Forecast	2002/03 Budget	Increase/ (Decrease) from 2002/03 Forecast to 2003/04 Budget		Increase/ (Decrease) from 2002/03 Budget to 2003/04 Budget	
		(Millions of Dollars)		(Millions of Dollars)	%	(Millions of Dollars)	%
Revenue							
Own-Source	4,806	4,598	4,579	208	4.5	227	5.0
Federal Transfers	2,508	2,242	2,362	266	11.9	146	6.2
Extraordinary Revenue - Manitoba Hydro (2001/02)	0	150	0	(150)		0	
Total Revenue	7,314	6,990	6,941	324	4.6	373	5.4
Expenditure							
Program	6,925	6,632	6,560	293	4.4	365	5.6
Debt Servicing	331	335	368	(4)	(1.2)	(37)	(10.1)
Total Expenditure	7,256	6,967	6,928	289	4.1	328	4.7
Net Revenue	58	23	13	35		45	
Interfund Transfers							
Debt/Pension Repayment	(96)	(96)	(96)	0		0	
Fiscal Stabilization Fund	48	77	93	(29)		(45)	
Balance Under Balanced Budget Legislation	10	4	10	6		0	

■ 2003/04 Budget

Revenue

Continuing economic growth in Manitoba and rebounding Corporation Income Tax receipts will provide growth of 4.5% in own-source revenue. Transfer revenue from the federal government will also grow strongly, bolstered by the revenue received from the First Ministers' Health Financing Arrangement, and an anticipated recalculation of equalization revenues under the mining tax base. Transfer payments in 2003/04 are budgeted to be 6.2% higher than budgeted last year.

During the past year, the Government utilized revenues from exceptionally strong Manitoba Hydro export sales in 2000 and 2001 to offset the effects of the 2001 economic downturn and the federal accounting error. This has served to stabilize revenues and allowed programs to be protected until revenue recovered. The final scheduled draw from Manitoba Hydro is projected to be $52 million this year.

Own-source revenue as a percentage of GDP will continue to fall. At 12.7% of provincial GDP, the proportion of income that Manitoba individuals and businesses pay to the Provincial Government will be 9.3% less than 1998/99. Total revenue is budgeted at $7,314 million, 4.6% above that projected for 2002/03.

Expenditure

The 2003 Budget provides for program expenditure growth of 4.4% over projected 2002/03 expenditure. Public debt costs are expected to continue to decline. Total expenditure is budgeted at $7,256 million, 4.1% over projected expenditure in 2002/03.

Net Revenue

Net revenue of $58 million will be $35 million greater than net revenue projected for 2002/03.

Balance Under Balanced Budget Legislation

The 2003 Budget provides a further $96 million to be applied against General Purpose Debt and pension liabilities. The Debt Retirement Fund Allocation Committee will determine the allocation to these purposes. However, for Budget purposes, it has been assumed that $48 million will be allocated to address pension liabilities.

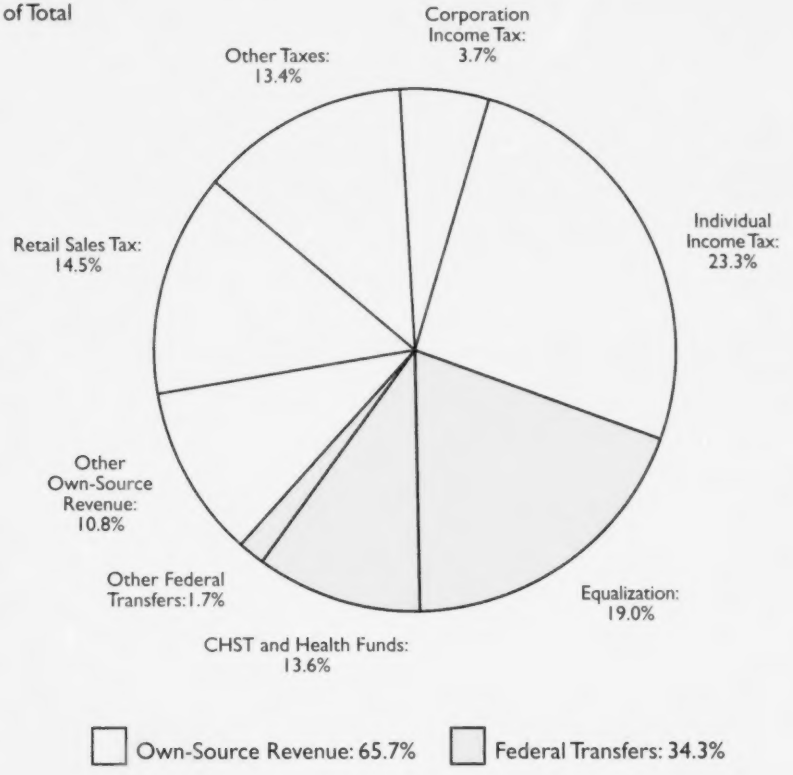
The Budget provides for a draw of $48 million from the Fiscal Stabilization Fund, all of which will be applied toward the $96 million payment against debt and pension liabilities.

The resulting balance under balanced budget legislation is projected at $10 million.

Provincial Revenue, 2003/04

Major Sources

Percent of Total



Revenue by Source

2003/04 and 2002/03

	2003/04 Budget	2002/03 Forecast	Change 2003/04 from 2002/03 Forecast
	(Millions of Dollars)		(Millions of Dollars)
Own-Source Revenue	4,806	4,598	208
Federal Transfers	2,508	2,242	266
Extraordinary Revenue			
Manitoba Hydro (2001/02)	0	150	(150)
Total Revenue	**7,314**	**6,990**	**324**

Revenue Estimates

(Thousands of Dollars)

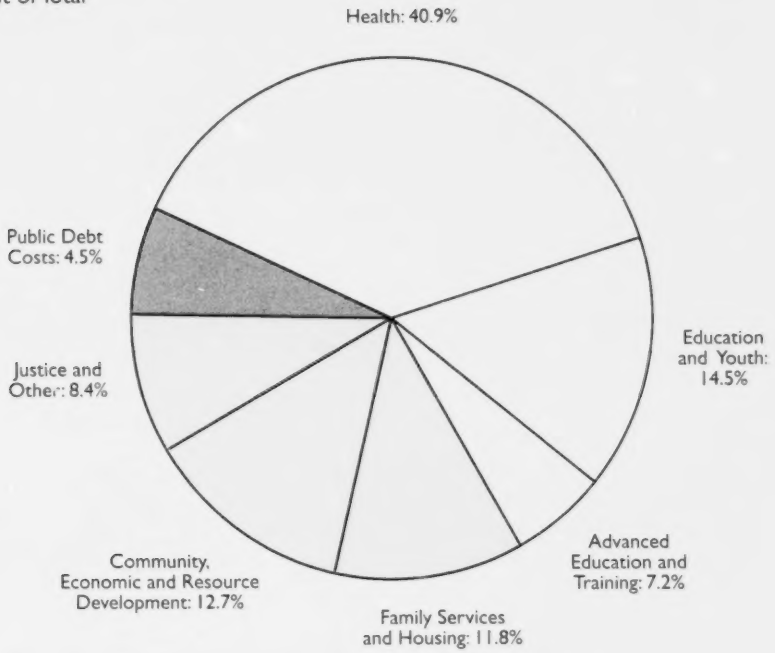
	2003/04 Estimate	2002/03 Forecast[1]	2002/03 Budget[1]	Percent Change 2003/04 from 2002/03 Forecast	Percent Change 2003/04 from 2002/03 Budget
■ Own-Source Revenue					
Income Taxes					
• Individual Income Tax	1,703,000	1,679,100	1,682,300		
• Corporation Income Tax	270,200	162,200	146,500		
Subtotal	1,973,200	1,841,300	1,828,800	7.2	7.9
Taxes, Levies and Collections					
• Corporation Capital Tax	148,300	138,000	129,000		
• Gasoline Tax	161,900	159,600	157,600		
• Insurance Corporations Tax	44,973	43,363	42,363		
• Land Transfer Tax	14,100	14,096	13,000		
• Levy for Health and Education	263,400	254,300	243,300		
• Mining Tax	17,000	16,700	17,500		
• Motive Fuel Tax	69,400	67,700	67,700		
• Oil and Natural Gas Tax	2,852	3,193	3,314		
• Retail Sales Tax	1,057,800	1,022,000	1,032,500		
• Revenue Act, 1964, Part I	69,000	67,600	65,600		
• Tobacco Tax	190,400	180,000	178,000		
• Environmental Protection Tax	3,000	3,000	3,000		
• Other Taxes	73	132	72		
Subtotal	2,042,198	1,969,684	1,952,949	3.7	4.6
Fees and Other Revenue					
• Fines and Costs; and Other Legal	22,533	19,068	19,765		
• Minerals and Petroleum	5,563	6,701	5,450		
• Automobile and Motor Carrier Licences and Fees	74,556	66,075	69,975		
• Drivers' Licences	14,416	14,066	14,066		
• Water Power Rentals	93,784	94,943	98,690		
• Parks; Forestry; Fisheries; and Other Conservation	26,458	29,010	27,174		
• All Other Manitoba Collections	56,075	62,207	56,497		
Subtotal	293,385	292,070	291,617	0.5	0.6
Crown Corporations/Entities					
• Manitoba Lotteries Corporation	259,500	264,500	252,000		
• Manitoba Liquor Control Commission	173,300	166,500	167,000		
• Manitoba Hydro	52,000	52,000	75,000		
• Other	12,350	11,650	11,650		
Subtotal	497,150	494,650	505,650	0.5	(1.7)
Total Own-Source Revenue	**4,805,933**	**4,597,704**	**4,579,016**	**4.5**	**5.0**
■ Federal Transfers					
• Equalization	1,387,900	1,337,500	1,481,300		
• Canada Health and Social Transfer (CHST)	763,500	756,000	728,800		
• Canada Health and Social Transfer Supplement (CHSTS)	163,600	0	0		
• Diagnostic/Medical Equipment Fund	6,000	0	0		
• Health Reform Fund	36,400	0	0		
• Medical Equipment Fund	17,900	19,300	19,300		
• Primary Health Care Transition Fund	8,500	1,108	5,200		
• Other Transfers	124,150	128,525	127,674		
Total Federal Transfers	**2,507,950**	**2,242,433**	**2,362,274**	**11.9**	**6.2**
■ Extraordinary Revenue Manitoba Hydro (2001/02)	**0**	**150,000**	**0**		
■ Total Budgetary Revenue	**7,313,883**	**6,990,137**	**6,941,290**	**4.6**	**5.4**

Note 1: The 2002/03 information has been adjusted to be consistent with the 2003/04 Estimates structure.

Provincial Operating Expenditure, 2003/04

Major Categories

Percent of Total


Health: 40.9%
Public Debt Costs: 4.5%
Justice and Other: 8.4%
Education and Youth: 14.5%
Community, Economic and Resource Development: 12.7%
Advanced Education and Training: 7.2%
Family Services and Housing: 11.8%

Program Expenditure Estimates

2003/04 and 2002/03

	2003/04 Budget	2002/03 Forecast	Change 2003/04 from 2002/03 Forecast
	(Millions of Dollars)		(Millions of Dollars)
Health	3,004	2,843	161
Advanced Education and Training	525	503	22
Education and Youth	1,067	1,018	49
Family Services and Housing	869	823	46
Other Departments	1,545	1,465	80
Expenditure Estimates	**7,010**	**6,652**	**358**

Note 1: The 2002/03 information has been adjusted to be consistent with the 2003/04 Estimates structure.

Operating Expenditure Estimates

(Thousands of Dollars)

	2003/04 Estimate	2002/03 Forecast	2002/03 Budget	Percent Change 2003/04 from 2002/03 Forecast	Percent Change 2003/04 from 2002/03 Budget
■ Health	**3,004,229**	**2,842,812**	**2,786,169**	**5.7**	**7.8**
■ Education					
• Advanced Education and Training	524,769	503,350	504,849		
• Education and Youth	1,066,604	1,018,080	1,014,421		
Total Education	**1,591,373**	**1,521,430**	**1,519,270**	**4.6**	**4.7**
■ Family Services and Housing	**869,407**	**822,773**	**821,875**	**5.7**	**5.8**
■ Community, Economic and Resource Development					
• Aboriginal and Northern Affairs	28,703	26,786	27,227		
• Agriculture and Food	126,632	122,848	121,151		
• Conservation	128,049	123,114	125,165		
• Energy, Science and Technology	44,029	42,112	42,645		
• Industry, Trade and Mines	31,083	31,090	31,624		
• Intergovernmental Affairs	145,768	141,621	142,314		
• Transportation and Government Services	341,068	321,936	333,292		
• Enabling Appropriations	59,015	51,093	74,937		
• Other Appropriations	25,790	37,678	20,775		
Total Community, Economic and Resource Development	**930,137**	**898,278**	**919,130**	**3.5**	**1.2**
■ Justice and Other Government					
• Legislative Assembly	23,359	23,001	22,807		
• Executive Council	3,426	3,435	3,435		
• Civil Service Commission	4,274	3,852	4,311		
• Culture, Heritage and Tourism	66,840	64,180	64,454		
• Employee Pensions and Other Costs	65,412	60,002	60,012		
• Finance	98,417	92,593	98,203		
• Healthy Child Manitoba	21,938	19,960	21,186		
• Justice	254,114	242,533	237,520		
• Labour and Immigration	26,954	25,974	26,126		
• Seniors Directorate	724	688	739		
• Sport	10,687	10,653	10,866		
• Status of Women	1,086	1,080	1,146		
• Enabling Appropriations	37,750	18,990	27,500		
Total Justice and Other Government	**614,981**	**566,941**	**578,305**	**8.5**	**6.3**
■ Total Program Expenditures	**7,010,127**	**6,652,234**	**6,624,749**	**5.4**	**5.8**
■ Public Debt Costs	**331,000**	**334,986**	**368,310**	**(1.2)**	**(10.1)**
■ Total Expenditure Estimates	**7,341,127**	**6,987,220**	**6,993,059**	**5.1**	**5.0**
■ Less: Year-End Lapse and In-Year Savings	**(85,000)**	**(20,000)**	**(65,000)**		
■ Total Budgetary Expenditure	**7,256,127**	**6,967,220**	**6,928,059**	**4.1**	**4.7**

Note 1: The 2002/03 information has been adjusted to be consistent with the 2003/04 Estimates structure.

Manitoba Financial Statistics, Ten-Year Summary

	2003/04 Budget	2002/03 Forecast	2001/02 Actual	2000/01 Actual	1999/00 Actual
			(Millions of Dollars)		
FINANCIAL STATEMENTS					
Revenue					
Own-Source Revenue	4,806	4,748[1]	4,540	4,661	4,264
Federal Transfers	2,508	2,242	2,207	2,091	2,073
Total	7,314	6,990	6,747	6,752	6,337
Expenditure					
Program Expenditure	6,925	6,632	6,324	6,104	5,971
Public Debt Costs[1]	331	335	414	511	465
Total	7,256	6,967	6,738	6,615	6,436
Net Revenue/(Expenditure)	58	23	9	137	(99)
Debt/Pension Repayment	(96)	(96)	(96)	(96)	(75)
Transfers from/(to) Fiscal Stabilization Fund	48	77	150	0	185
Balance Under Balanced Budget Legislation	10	4	63	41	11
Net Direct and Guaranteed Debt					
General Purpose	6,300	6,355	6,406	6,537	6,473
Manitoba Hydro	6,767	6,344	6,263	6,053	5,798
Other	1,206	1,115	1,099	1,086	943
Health Facilities	499	445	390	220	0
Capital Investments	320	295	245	260	245
Total	15,092	14,554	14,403	14,156	13,459
Other Obligations					
Health Debt	234	203	225	358	501
Pension Liability[3]	3,548	3,369	3,217	3,050	2,906
Pension Assets	(204)	(155)	(107)	(21)	0
Total	3,578	3,417	3,335	3,387	3,407
Total Obligations	18,670	17,971	17,738	17,543	16,866
Fiscal Stabilization Fund End of Year Balance	145	179	247	320	264
Memorandum Items					
Population (000's)	1,153	1,151	1,149	1,146	1,143
GDP at Market Prices	37,800	35,886	34,666	33,420	31,913

Note 1: Includes Manitoba Hydro special payment 2001/02 – $150 million.
Note 2: Includes net gain from divestiture of Manitoba Telephone System – $264.6 million.
Note 3: Includes Special Lotteries Transfer – $145 million.

1998/99 Actual	1997/98 Actual	1996/97 Actual	1995/96 Actual	1994/95 Actual	
		(Millions of Dollars)			
					FINANCIAL STATEMENTS
					Revenue
4,322	3,858	4,047[2]	3,789[1]	3,310	Own-Source Revenue
1,560	1,884	1,716	1,873	1,895	Federal Transfers
5,882	5,742	5,763	5,662	5,205	Total
					Expenditure
5,372	5,171	4,869	4,913	4,804	Program Expenditure
515	520	539	592	597	Public Debt Costs[4]
5,887	5,691	5,408	5,505	5,401	Total
(5)	51	355	157	(196)	**Net Revenue/(Expenditure)**
(150)	(75)	0	0	0	**Debt/Pension Repayment**
186	100	(264)	0	0	**Transfers from/(to) Fiscal Stabilization Fund**
31	76	91	157	(196)	**Balance Under Balanced Budget Legislation**
					Net Direct and Guaranteed Debt
6,632	6,773	6,808	6,814	7,364	General Purpose
5,677	5,569	4,893	5,090	5,022	Manitoba Hydro
947	976	1,212	1,770	1,945	Other
0	0	0	0	0	Health Facilities
142	0	0	0	0	Capital Investments
13,398	13,318	12,913	13,674	14,331	Total
					Other Obligations
450	461	438	604	617	Health Debt
2,766	2,572	2,182	2,039	1,853	Pension Liability[5]
0	0	0	0	0	Pension Assets
3,216	3,033	2,620	2,643	2,470	Total
16,614	16,351	15,533	16,317	16,801	**Total Obligations**
427	565	578	210	31	**Fiscal Stabilization Fund End of Year Balance**
					Memorandum Items
1,138	1,137	1,134	1,130	1,124	Population (000's)
30,941	29,758	28,433	26,967	25,958	GDP at Market Prices

Note 4: Effective from fiscal year 2002/03 interest-carrying costs of capital assets are included in departmental expenditures.

Note 5: Now reflects pension liability per summary financial statements. In previous years, amounts excluded unamortized gains and losses resulting from actuarial valuations.

Manitoba Financial Statistics, Ten-Year Summary

	2003/04 Budget	2002/03 Forecast	2001/02 Actual	2000/01 Actual	1999/00 Actual
Annual Change			(Percent Change)		
Own-Source Revenue	1.2[1]	4.6[1]	(2.6)	9.3	(1.3)
Federal Transfers	11.9	1.6	5.5	0.9	32.9
Total Revenue	4.6	3.6	(0.1)	6.5	7.7
Program Expenditure	4.4	4.9	3.6	2.2	11.2
Public Debt Costs	(1.2)	(19.1)	(19.0)	9.9	(9.7)
Total Expenditure	4.1	3.4	1.9	2.8	9.3
Net General Purpose Debt	(0.9)	(0.8)	(2.0)	1.0	(2.4)
Total Net Debt	3.7	1.0	1.7	5.2	0.5
Percent of GDP			(Percent)		
Own-Source Revenue	12.7	13.2	13.1	13.9	13.4
Total Revenue	19.3	19.5	19.5	20.2	19.9
Program Expenditure	18.3	18.5	18.2	18.3	18.7
Public Debt Costs	0.9	0.9	1.2	1.5	1.5
Total Expenditure	19.2	19.4	19.4	19.8	20.2
Balance Under Balanced Budget Legislation	0.0	0.0	0.2	0.1	0.0
Net General Purpose Debt	16.7	17.7	18.5	19.6	20.3
Percent of Revenue					
Own-Source Revenue	65.7	67.9	67.3	69.0	67.3
Federal Transfers	34.3	32.1	32.7	31.0	32.7
Public Debt Costs	4.5	4.8	6.1	7.6	7.3
Net General Purpose Debt	86.1	90.9	94.9	96.8	102.1
Percent of Expenditure					
Program Expenditure	95.4	95.2	93.9	92.3	92.8
Public Debt Costs	4.6	4.8	6.1	7.7	7.2
Balance Under Balanced Budget Legislation	0.1	0.1	0.9	0.6	0.2
Dollars Per Capita			(Dollars)		
Total Expenditure	6,293	6,053	5,864	5,772	5,631
Public Debt Costs	287	291	360	446	407
Balance Under Balanced Budget Legislation	9	3	55	36	10
Net General Purpose Debt	5,464	5,521	5,575	5,704	5,663

Note 1: Calculation includes Manitoba Hydro special payment 2001/02.

1998/99 Actual	1997/98 Actual	1996/97 Actual	1995/96 Actual	1994/95 Actual	
		(Percent Change)			**Annual Change**
12.0	(4.7)	6.8	14.5	1.9	Own-Source Revenue
(17.2)	9.8	(8.4)	(1.2)	16.3	Federal Transfers
2.4	(0.4)	1.8	8.8	6.7	Total Revenue
3.9	6.2	(0.9)	2.3	1.1	Program Expenditure
(1.0)	(3.5)	(9.0)	(0.8)	2.1	Public Debt Costs
3.4	5.2	(1.8)	1.9	1.2	Total Expenditure
(2.1)	(0.5)	(0.1)	(7.5)	7.8	Net General Purpose Debt
0.6	3.1	(5.6)	(4.6)	1.4	Total Net Debt
		(Percent)			**Percent of GDP**
14.0	13.0	14.2	14.1	12.8	Own-Source Revenue
19.0	19.3	20.3	21.0	20.1	Total Revenue
17.4	17.4	17.1	18.2	18.5	Program Expenditure
1.7	1.7	1.9	2.2	2.3	Public Debt Costs
19.0	19.1	19.0	20.4	20.8	Total Expenditure
0.1	0.3	0.3	0.6	(0.8)	Balance Under Balanced Budget Legislation
21.4	22.8	23.9	25.3	28.4	Net General Purpose Debt
					Percent of Revenue
73.5	67.2	70.2	66.9	63.6	Own-Source Revenue
26.5	32.8	29.8	33.1	36.4	Federal Transfers
8.8	9.1	9.4	10.5	11.5	Public Debt Costs
112.8	118.0	118.1	120.3	141.5	Net General Purpose Debt
					Percent of Expenditure
91.3	90.9	90.0	89.2	88.9	Program Expenditure
8.7	9.1	10.0	10.8	11.1	Public Debt Costs
0.5	1.3	1.7	2.9	(3.6)	Balance Under Balanced Budget Legislation
		(Dollars)			**Dollars Per Capita**
5,173	5,005	4,769	4,872	4,805	Total Expenditure
453	457	475	524	531	Public Debt Costs
27	67	80	139	(174)	Balance Under Balanced Budget Legislation
5,828	5,957	6,004	6,030	6,552	Net General Purpose Debt

M121

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The Medium-Term Fiscal Framework

Beyond the 2003/04 fiscal year, Provincial Government revenue is projected to increase at an average annual rate of 3.0% over the medium term, a rate that reflects solid economic growth, an ongoing commitment to tax relief and further progress in addressing fiscal imbalance in the Canadian Federation. According to the February 2003 Conference Board Forecast, Manitoba's nominal GDP is expected to grow at an average annual rate of 4.2% over the next three years. Real GDP is expected to average about 2.4% over this period.

Program expenditure is targeted to increase at an average annual rate of 2.0% after 2003/04 – a rate that would effectively sustain key public services and provide for modest improvements in areas of greatest priority, such as health care reform. It would also give the Province some latitude in making key public investments and replenishing the Fiscal Stabilization Fund.

Public debt costs are expected to rise to $365 million, reflecting the assumption of higher interest rates.

Within this framework, a small draw on the Fiscal Stabilization Fund in 2004/05 will complete the adjustment to the lower revenue track resulting from the federal accounting error. Beginning in 2005/06, net revenue growth will allow the Government to start replenishing the Fund.

Debt reduction and the retirement of pension liabilities will continue at the $96 million level established in 2000/01 until 2004/05. Beginning in 2005/06, it will rise to $115 million per year, in accordance with our Province's balanced budget legislation.

Medium-Term Fiscal Framework

	2002/03	2003/04	2004/05	2005/06	2006/07
			(Millions of Dollars)		
Revenue	6,990	7,314	7,471	7,715	7,997
Expenditure					
Program Expenditure	6,632	6,925	7,056	7,198	7,342
Public Debt Costs	335	331	348	365	365
Total	6,967	7,256	7,404	7,563	7,707
Net Revenue	23	58	67	152	290
Interfund Transfers					
Debt/Pension Repayment	(96)	(96)	(96)	(115)	(115)
Fiscal Stabilization Fund	77	48	39	(27)	(165)
Balance Under Balanced Budget Legislation	4	10	10	10	10

The Medium-Term Fiscal Framework reflects current forecasts and assumptions. Should future circumstances depart from these, Budget decisions will reflect the changes.

The Medium-Term Fiscal Framework

Beyond the 2003/04 fiscal year, Provincial Government revenue is projected to increase at an average annual rate of 3.0% over the medium term, a rate that reflects solid economic growth, an ongoing commitment to tax relief and further progress in addressing fiscal imbalance in the Canadian Federation. According to the February 2003 Conference Board Forecast, Manitoba's nominal GDP is expected to grow at an average annual rate of 4.2% over the next three years. Real GDP is expected to average about 2.4% over this period.

Program expenditure is targeted to increase at an average annual rate of 2.0% after 2003/04 – a rate that would effectively sustain key public services and provide for modest improvements in areas of greatest priority, such as health care reform. It would also give the Province some latitude in making key public investments and replenishing the Fiscal Stabilization Fund.

Public debt costs are expected to rise to $365 million, reflecting the assumption of higher interest rates.

Within this framework, a small draw on the Fiscal Stabilization Fund in 2004/05 will complete the adjustment to the lower revenue track resulting from the federal accounting error. Beginning in 2005/06, net revenue growth will allow the Government to start replenishing the Fund.

Debt reduction and the retirement of pension liabilities will continue at the $96 million level established in 2000/01 until 2004/05. Beginning in 2005/06, it will rise to $115 million per year, in accordance with our Province's balanced budget legislation.

Medium-Term Fiscal Framework

	2002/03	2003/04	2004/05	2005/06	2006/07
			(Millions of Dollars)		
Revenue	6,990	7,314	7,471	7,715	7,997
Expenditure					
Program Expenditure	6,632	6,925	7,056	7,198	7,342
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Fiscal Stabilization Fund	77	48	39	(27)	(165)
Balance Under Balanced Budget Legislation	4	10	10	10	10

The Medium-Term Fiscal Framework reflects current forecasts and assumptions. Should future circumstances depart from these, Budget decisions will reflect the changes.

■ Improving Transparency and Accountability

Capital Acquisitions

The Government introduced budgetary measures for considering the full cost of capital assets in program costs in 2002/03.

In prior years, departments were required to budget for the cost of their capital acquisitions. The budget for the acquisition cost has been reflected in Part B of the Estimates since 1999/2000, and the related annual amortization costs have been voted as part of departmental appropriations. This has resulted in the amortization component of capital-related costs being included in overall departmental program costs.

For 2002/03, this process was expanded to include the interest-carrying costs of capital assets in each department. This interest charge is determined on the basis of the unamortized capital balance for each asset. This not only provides for greater departmental accountability for capital expenditures, but it also ensures that the interest attached to capital acquisitions is considered.

Pension Accounting

Departments began funding the cost of matching pension contributions for employees hired on or after October 1, 2002 from their appropriations. This funding will be directed to the Pension Assets Fund, in addition to other contributions being made through the Debt Retirement Fund. The cost of the pension benefits thus begins to be reflected in the various programs across Government. It also accelerates the Government's plan to address the outstanding pension liability.

Improved Reporting

The Government's first Annual Report was issued for the fiscal year 2000/01. This fulfilled our commitment to provide more comprehensive reporting on the Government's fiscal results. The Report includes not only financial statements, but also discussion and analysis. It also includes financial and economic indicators for the Government's central operations, as well as for the entire Government reporting entity. In 2001/02 for the first time, a Summary Budget was presented that shows the entire Government reporting entity. Beginning in 2002/03, the Report on Consolidated Operations includes the Summary Budget Forecast, information on prior years and more complete explanations of the components of the Summary Financial Statements.

■ Report on Consolidated Operations and Summary Budget Forecast

Amounts in Tables are in Millions of Dollars

The Operating Fund

The Operating Fund reflects the central operations of Government, and is the basis for the Estimates process and appropriations voted by the Legislature; it does not reflect operations of Government business enterprises and special funds. The Operating Fund is expected to have net revenue of $23 million for fiscal year 2002/03. This Budget projects net revenue for the Operating Fund of $58 million for the 2003/04 year. Over the four years since our Government took office, the cumulative balances in the Operating Fund are expected to total $227 million.

	2003/04 Budget	2002/03 Forecast	2002/03 Budget	2001/02 Actual	2000/01 Actual	4-Year Total
Operating Fund Balance	58	23	13	9	137	227

Interfund Transfers/Debt Retirement

In each of the four years since our Government took office, an amount of $96.4 million has been set aside for debt and pension liability retirement. Yearly contributions are allocated to the Pension Assets Fund or to repay General Purpose Debt as explained in the section titled Pension Items. For the fiscal year 2002/03, the draw on the Fiscal Stabilization Fund will be $77 million or $16 million less than projected in the 2002/03 Budget. For fiscal year 2003/04, the Budget proposes a draw of $48 million.

	2003/04 Budget	2002/03 Forecast	2002/03 Budget	2001/02 Actual	2000/01 Actual	4-Year Total
Debt Retirement Payment	(96)	(96)	(96)	(96)	(96)	(384)
Fiscal Stabilization Fund	48	77	93	150	0	275
Total Interfund Transfers	(48)	(19)	(3)	54	(96)	(109)

Note: All four-year totals appearing in the Report on Consolidated Operations and Summary Budget Forecast do not include amounts shown under the 2002/03 Budget.

Balance Under Balanced Budget Legislation

Under balanced budget legislation, payments to the Debt Retirement Fund and withdrawals from the Fiscal Stabilization Fund are included to arrive at a balance. This balance must be positive to comply with the provisions of *The Balanced Budget, Debt Retirement and Taxpayer Accountability Act*, and must be transferred to the Fiscal Stabilization Fund. The balance will be positive for a ninth consecutive year; a balance of $10 million is projected.

	2003/04 Budget	2002/03 Forecast	2002/03 Budget	2001/02 Actual	2000/01 Actual	4-Year Total
Balance Under Balanced Budget Legislation	10	4	10	63	41	118
Transfer to Fiscal Stabilization Fund	10	4	10	63	41	118
Balance After Transfer to Fiscal Stabilization Fund	0	0	0	0	0	0

Special Funds – Change in Balances

There are a number of special funds created by the Legislature for specific purposes. The two principal Funds are the Fiscal Stabilization Fund and the Debt Retirement Fund. There are also a number of small, special-purpose funds (such as the Mining Community Reserve Fund and the Quarry Rehabilitation Reserve), that in combination are projected to have little effect on the overall balance. The Debt Retirement Fund is projected to increase by $52 million in 2002/03, which reflects the decision of the Allocations Committee to increase the allocation to pension assets and interest earnings of the Fund.

	2003/04 Budget	2002/03 Forecast	2002/03 Budget	2001/02 Actual	2000/01 Actual	4-Year Total
Debt Retirement Fund	54	52	79	25	75	206
Fiscal Stabilization Fund	(34)	(68)	(74)	(73)	56	(119)
Other	(4)	0	(1)	(1)	1	(4)
Total Changes in Special Funds	16	(16)	4	(49)	132	83

Government Enterprises and Crown Corporations

This Report notes the net changes in operating balances (profits or losses) of Government enterprises, Crown corporations and Special Operating Agencies during the fiscal year. The largest of these enterprises are Manitoba Hydro, Manitoba Public Insurance, Manitoba Liquor Contol Commission and Manitoba Lotteries Corporation, and operating balances are influenced by the market in which they operate.

Portions of the current or accumulated operating profits of several of these entities, in particular the Manitoba Liquor Control Commission, the Manitoba Lotteries Commission and Manitoba Hydro, are included in the general revenue (Operating Fund) of the Government. Upon consolidation, the amounts already included in general revenue are deducted from the total changes in operating balances, to produce Net Contribution to Consolidated Net Income.

Manitoba Hydro profits for 2002/03, projected at $106 million in the 2002 Budget, are forecast to be lower by $35 million due to lower export sales because of reduced water flows. Manitoba Public Insurance Corporation has forecast a loss of $22 million for fiscal year 2002/03, largely reflecting lower investment returns and revised actuarial valuations. Although Manitoba Crop Insurance Corporation, which is included in other Crown organizations, has positive results for the 2002/03 fiscal year, Manitoba Crop Insurance Corporation anticipates using $29 million of its accumulated reserves in support of Manitoba farmers.

As noted in Quarterly Reports for fiscal year 2002/03, the $150 million payment from Manitoba Hydro in respect of export sales profits, that was expected to be included in 2001/02 revenues, was received in August 2002. It has been included in 2002/03 Operating Revenue as Extraordinary Revenue, and is also included in the consolidation adjustments shown below.

	2003/04 Budget	2002/03 Forecast	2002/03 Budget	2001/02 Actual	2000/01 Actual	4-Year Total
Government Business Enterprises						
Manitoba Hydro	71	71	106	214	270	626
Manitoba Public Insurance Corp.	24	(22)	5	(97)	46	(49)
Manitoba Lotteries Corp.	260	264	252	248	248	1,020
MLCC	173	167	167	163	163	666
Other Crown Corporations and Government Enterprises	(38)	1	(35)	12	106	81
Total Changes in Operating Balances	490	481	495	540	833	2,344
Consolidation Adjustments						
Ongoing Operations (includes Manitoba Hydro)	(485)	(482)	(494)	(411)	(411)	(1,789)
Extraordinary Revenue – Manitoba Hydro Payment		(150)				(150)
Net Contribution to Consolidated Net Income	5	(151)	1	129	422	405

Balance Before Pension Items

The Consolidated Balance before Pension Items is the result of adding the total changes in Special Funds to the net contribution of Government Enterprises and Crown corporations. The balance will return to a positive position in 2003/04, after a forecast negative result for 2002/03. For the four fiscal-year period of 2000/01 to 2003/04 inclusive, the Consolidated Balance before Pension Items is projected at $488 million.

	2003/04 Budget	2002/03 Forecast	2002/03 Budget	2001/02 Actual	2000/01 Actual	4-Year Total
Consolidated Balance Before Pension Items	21	(167)	5	80	554	488

Pension Items

Upon coming into office, our Administration put into place a plan to retire the General Purpose Debt and to eliminate the Government's pension liability. Prior to this, it was projected that the pension liability would reach $8.4 billion by 2028, and would continue to grow after that.

Our Government has continued its actions to improve the plans to repay long-term debt and pension obligations of the Government. The 2000 Manitoba Budget introduced a comprehensive approach to address both debt and pension obligations. This approach involved:

- continuation of payments of retiree pension obligations;
- continuation of the provision for debt repayment; and
- inclusion of amounts within debt retirement allocations sufficient to match employee contributions for civil servants and teachers hired on or after April 1, 2000.

The plan provides for debt and pension obligation funding of $96 million per year, with allocation between debt and pension assets to be determined by the Debt Retirement Fund Allocation Committee. The 2001/02 allocation provided $75 million for pension assets.

In 2002/03, the allocation of the $96 million contribution is $48 million for pension assets.

The 2002 Budget enhanced the plan to reduce the term over which the pension liability will be eliminated, by requiring Government departments and agencies to match new employee pension contributions after September 30, 2002.

From our Administration's first Budget – for the 2000/01 fiscal year – to the end of fiscal year 2003/04 encompassed by this Budget, our Government will have set aside $384 million, excluding interest, in the Debt Retirement Fund to repay General Purpose Debt and pension liabilities. This is 28% more than the amount set aside by the previous Administration during its last term.

	2003/04 Budget	2002/03 Forecast	2002/03 Budget	2001/02 Actual	2000/01 Actual	4-Year Total
Pension Expense for Unfunded Liability	(179)	(152)	(167)	(167)	(144)	(642)
Government Contributions to Pension Assets Fund	48	48	29	77	21	194
Net Pension Items	(131)	(104)	(138)	(90)	(123)	(448)

Summary

The Summary Budget represents the entire Government reporting entity, as defined in Schedule 8 of the Summary Financial Statements.

The financial results of the operations of the Government and its agencies as a whole are summarized below. In spite of the large forecast negative balance for 2002/03 – the result of a $143 million decline in Manitoba Hydro's net income relative to 2001/02, lower equalization receipts, and $39 million in higher-than-budgeted expenditure – the Consolidated Net Income of the Government is projected to be positive over the four-year period through 2003/04. The cumulative total for the period is projected to be $40 million.

	2003/04 Budget	2002/03 Forecast	2002/03 Budget	2001/02 Actual	2000/01 Actual	4-Year Total
Balance Before Pension Items	21	(167)	5	80	554	488
Net Pension Items	(131)	(104)	(138)	(90)	(123)	(448)
Consolidated Net Income (Expense)	(110)	(271)	(133)	(10)	431	40

Although Manitoba has faced an important and unexpected revenue shortfall due to a federal accounting error, the Government has managed to continue providing Manitobans with the priority services they require. The Government has also continued its progress toward reducing General Purpose Debt and accumulated pension liabilities. These measures will help ensure that Manitobans continue to receive services they need.

■ Capital Investment

Part B Capital Investment is required for the annual purchase or acquisition of tangible capital assets which meet established guidelines for amortization (see Appendix B of the 2003/04 Estimates of Expenditure). Tangible capital assets are those with a useful life extending beyond one year which are acquired, constructed or developed and held for use, not resale. Tangible capital assets, whose acquisition value is less than established capitalization thresholds, and infrastructure expenditures are recorded as operating expenditure in the year of acquisition.

Amortization and interest costs related to the capital investment are borne by departments that are responsible for each asset.

The following table outlines the Part B Capital Investment authority requirements.

Capital Investment, 2003/04

(Thousands of Dollars)

Government Services Capital Projects	14,000
Transportation Equipment and Other Capital	13,000
Information Technology Projects	
eGovernment Initiatives	13,490
Health	6,500
Family Services and Housing	2,200
Justice	1,000
Other Projects	6,505
Other Equipment and Buildings	1,305
	58,000

■ Capital Grants, Infrastructure and Capital Investment

Total spending for capital purposes is comprised of spending on capital grants and infrastructure from Part A of the Estimates of Expenditure, and Capital Investment spending from Part B of the Estimates of Expenditure.

Total spending for capital purposes is outlined in the following table.

Capital Grants, Infrastructure and Capital Investment, 2003/04

(Thousands of Dollars)

Capital Grants (Part A)	224,346
Infrastructure (Part A)	151,927
Capital Investment (Part B)	58,000
	434,273

■ Special Funds Balances

Fiscal Stabilization Fund

In 2002/03, the draw from the Fiscal Stabilization Fund will be $77 million, or $16 million less than budgeted. The positive balance in the Operating Fund, projected at $4 million, is deposited in the Fiscal Stabilization Fund. The budgeted draw for 2003/04 is $48 million, all of which is directed to the debt and pension liability payment. The closing balance of the Fund is projected to be $145 million.

Fiscal Stabilization Fund Revenue, Expenditure and Balance

Projection as at March 31, 2004 and March 31, 2003

	2003/04 Budget	2002/03 Forecast
	(Millions of Dollars)	
Fund Balance, Beginning of Year	179	247
Revenue		
Balance Under Balanced Budget Legislation	10	4
Interest	4	5
	14	9
Expenditure		
Transfer to Operating Fund	(48)	(77)
Fund Balance, End of Year	145	179

Debt Retirement Fund

In accordance with *The Balanced Budget, Debt Retirement and Taxpayer Accountability Act*, a $96 million deposit to the Debt Retirement Fund is required in each of 2002/03 and 2003/04. Of the 2002/03 amount, the Allocation Committee determined that the most cost-effective allocation was $48 million to pension liability, rather than the $21 million budgeted amount, and $48 million against General Purpose Debt. In the 2003 Budget plan, the 2003/04 allocation is $48 million to pension liability and $48 million against General Purpose Debt, subject once again to the decision of the Allocation Committee as to the most effective use.

Debt Retirement
Revenue, Expenditure and Balance

Projection as at March 31, 2004 and March 31, 2003

	2003/04 Budget	2002/03 Forecast
	(Millions of Dollars)	
Fund Balance, Beginning of Year	152	100
Revenue		
Transfer from Operating Fund	96	96
Interest	6	4
	102	100
Expenditure		
Transfer to Pension Assets Fund	(48)	(48)
Fund Balance, End of Year	206	152

■ Loan Act Requirements

The following table reflects expenditure authority to be included in *The Loan Act, 2003.*

Incremental Capital Authority Requirements for Non-Budgetary Programs, 2003/04

(Thousands of Dollars)

The Loan Act, 2003

The Manitoba Hydro-Electric Board	474,000
Health Capital Program	50,100
Manitoba Lotteries Corporation	45,800
Manitoba Agricultural Credit Corporation	26,900
The Manitoba Water Services Board	24,500
Red River Floodway Renewal and Expansion	20,000
Manitoba Housing and Renewal Corporation	19,500
Manitoba Student Financial Assistance Program	18,300
Diagnostic Services Manitoba	13,000
Communities Economic Development Fund	10,900
Manitoba Industrial Opportunities Program	6,200
Special Operating Agencies Financing Authority – Fleet Vehicles Agency	4,000
Special Operating Agencies Financing Authority – Food Development Centre	2,400
Red River College	2,250
Rural Economic Development Initiatives	1,450
Venture Manitoba Tours Ltd.	1,200
Manitoba Potash Corporation	110
	720,610

Non-Budgetary Capital Program, 2003/2004

(Thousands of Dollars)

The Manitoba Hydro-Electric Board	497,000
Health Capital Program	188,904
Manitoba Agricultural Credit Corporation	104,850
Manitoba Industrial Opportunities Program	74,447
Manitoba Lotteries Corporation	65,400
Manitoba Student Financial Assistance Program	41,878
Red River Floodway Renewal and Expansion	40,000
The Manitoba Water Services Board	31,273
Manitoba Housing and Renewal Corporation	24,034
Red River College	22,250
Special Operating Agencies Financing Authority – Fleet Vehicles Agency	12,223
Community Economic Development Fund	9,750
Special Operating Agencies Financing Authority – Food Development Centre	7,277
Community Development Bonds	6,000
Diagnostic Services Manitoba	4,250
Miscellaneous Corporations, Agencies and Other Programs	10,606
	1,140,142

■ Borrowing Requirements

Manitoba's borrowing requirements for both general and self-sustaining purposes, including the guaranteed debt of Crown corporations, will total $2.0 billion in 2003/04. A total of $1.5 billion is required for the refunding of general purpose and self-sustaining debt. The remainder is required for self-sustaining programs, including Manitoba Hydro. Incremental capital authority requirements totalling $0.72 billion are provided by *The Loan Act, 2003.*

Borrowing Requirements

(Thousands of Dollars)

	Refunding 2003/04	New Cash Requirements 2003/04	Estimated Repayments 2003/04	Borrowing Requirements 2003/04
Refunding General Government Program Debt	1,169,042	-	-	1,169,042
Capital Investments	-	25,000	-	25,000
Manitoba Hydro	220,395	474,000	-	694,395
Manitoba Lotteries Corporation	-	45,800	-	45,800
Manitoba Agricultural Credit Corporation	-	26,900	26,900	-
Manitoba Water Services Board	-	24,500	15,000	9,500
Manitoba Hospital Facilities	66,400	21,400	33,800	54,000
Red River Floodway Renewal and Expansion	-	20,000	-	20,000
Manitoba Housing and Renewal Corporation	-	19,500	19,500	-
Manitoba Student Financial Assistance	-	18,300	18,300	-
Diagnostic Services Manitoba	-	13,000	-	13,000
Communities Economic Development Fund	-	10,900	10,900	-
Business Support Programs	-	6,200	6,200	-
Fleet Vehicles Agency	-	4,000	4,000	-
Red River College	-	2,250	350	1,900
Miscellaneous	-	5,160	5,160	-
	1,455,837	716,910	140,110	2,032,637

Statement of Valuation and Purpose of Direct and Guaranteed Debt Outstanding

(Thousands of Dollars) *Preliminary Unaudited*

As at March 31, 2003 (with comparative figures for March 31, 2002)

Canadian Dollar Equivalent at Date of Issue March 31/03	Canadian Dollar Equivalent at Date of Issue March 31/02	Increase/ (Decrease) March 31/03 over March 31/02		Canadian Dollar Valuation (Note 1) March 31/03	Canadian Dollar Valuation (Note 1) March 31/02	Increase/ (Decrease) March 31/03 over March 31/02
			Direct Debt Payable in:			
11,840,579	11,835,290	5,289	Canadian Dollars	11,812,779	11,807,490	5,289
3,209,198	2,962,401	246,797	Issues Hedged to Canadian Dollars	3,348,799	3,221,628	127,171
2,493,251	3,055,916	(562,665)	U.S. Dollars	2,813,877	3,734,567	(920,690)
1,433,767	1,403,111	30,656	Issues Hedged to U.S. Dollars	1,431,227	1,555,051	(123,824)
18,976,795	19,256,718	(279,923)	Total Direct Debt	19,406,682	20,318,736	(912,054)
			Guaranteed Debt Payable in:			
979,139	595,190	383,949	Canadian Dollars	979,139	595,190	383,949
0	0	0	U.S. Dollars	0	0	0
979,139	595,190	383,949	Total Guaranteed Debt	979,139	595,190	383,949
19,955,934	19,851,908	104,026	**Total Direct and Guaranteed Debt** (Note 2)	20,385,821	20,913,926	(528,105)
5,679,745	6,410,517	(730,772)	Less: Sinking Fund Investments	5,679,745	6,410,517	(730,772)
151,850	100,444	51,406	Less: Debt Retirement Fund	151,850	100,444	51,406
14,124,339	13,340,947	783,392	**Net Direct and Guaranteed Debt** (Note 3)	14,554,226	14,402,965	151,261

Note 1: The Canadian Dollar Valuation is calculated using the foreign currency exchange rates in effect at March 31, 2003.

Note 2: Direct and Guaranteed Debt are payable in Canadian and U.S. dollars. As at March 31, 2003, total Gross Debt was payable 79% in Canadian dollars and 21% in U.S. dollars. Of this total, General Government Program Debt and Other Debt was payable 97% in Canadian dollars (94% at March 31, 2002) and 3% in U.S. dollars (6% at March 31, 2002) while Manitoba Hydro Debt was payable 47% in Canadian dollars (42% at March 31, 2002) and 53% in U.S. dollars (58% at March 31, 2002).

Note 3: The above debt was issued for the following purposes:

	March 31, 2003 ($ Thousands)	March 31, 2003 ($ Per Capita) (Note 4)	March 31, 2002 ($ Thousands)	March 31, 2002 ($ Per Capita) (Note 4)
General Government Programs	6,354,634	5,523	6,406,112	5,575
The Manitoba Hydro-Electric Board	6,344,028	5,514	6,263,251	5,451
Capital Investments	294,900	256	244,900	213
Manitoba Hospital Facilities	445,000	387	390,000	339
Other	1,115,664	970	1,098,702	956
	14,554,226 (Note 5)	12,650	14,402,965	12,534

Note 4: Per Capita data is based upon population figures at January 1, 2003 and April 1, 2002 as reported by Statistics Canada.

Note 5: General Government Program Debt decreased by $51.5 million due to the deposit to the Debt Retirement Fund. All other debt increased $202 million due to the continued consolidation of Hospital Facilities debt on to the Province's records, combined with Provincial Part B Capital requirements, and Manitoba Hydro's new capital requirements including the consolidation of Winnipeg Hydro's debt, offset by an improved Canadian dollar.

Direct and Guaranteed Debt

Net Maturities to March 31, 2042

	Canadian Valuation Payable In		
	Canadian Dollars	U.S. Dollars	Net Maturities
		(Millions of Dollars)	
2003/04	994	220	1,214
2004/05	937	71	1,008
2005/06	1,408	297	1,705
2006/07	1,810	-	1,810
2007/08	1,248	-	1,248
2008/09	1,060	-	1,060
2009/10	210	583	793
2011 - 15	1,324	346	1,670
2016 - 20	222	808	1,030
2021 - 25	-	429	429
2026 - 42	1,959	-	1,959
Treasury Bills and Promissory Notes	628	-	628
Total	11,800	2,754	14,554

The above table is based on foreign exchange rates in existence at March 31, 2003.

Budget Paper C

THE 2003 FIRST MINISTERS' HEALTH FINANCING ARRANGEMENT

THE 2003 FIRST MINISTERS' HEALTH FINANCING ARRANGEMENT

Contents

Overview of the 2003 Arrangement 3

What the 2003 Health Financing Arrangement Means for Manitoba 4

Assessment of the 2003 Arrangement 6

Federal Transfers for Post-Secondary Education and Social Services to be Cut 8

The Responsibility-Resource Imbalance Goes Unaddressed 10

Manitoba's Position 11

Conclusion 12

Appendix A: Details of the 2003 Health Financing Arrangement 14

Appendix B: History of Federal Support for Major Social Programs 15

THE 2003 FIRST MINISTERS' HEALTH FINANCING ARRANGEMENT

On February 5, 2003, Canada's Premiers and the Prime Minister met to discuss a new federal financing plan to support provincial and territorial health care programs. In advance of the meeting, Premiers expected a significant increase in federal funding for health. These positive expectations were based on the following.

- The current federal share of health and other major social program funding had increased as a result of the September 2000 First Ministers' Accord, yet remained low by historical standards.
- Two major federal reports commissioned to examine the federal role in health care called for substantial increases in federal funding of provincial and territorial health care programs.
- The Prime Minister consistently stated that health care would be his government's top priority in its upcoming Budget.
- The federal government's surplus was again larger than expected and the prospects for continued surpluses remained bright.

The health financing arrangement that emerged from the February meeting represented an important increase in federal funding, and will provide some support for Manitoba's plan for health reform.

However, while the 2003 Arrangement strengthens to some degree the federal government's partnership role, it does not address Canadian's expectations in terms of sustainable public financing for their health care system. Nor does it meet the recommendations of Commissioner Romanow and Senator Kirby in their respective health care reports.

While the 2003 Arrangement strengthens to some degree the federal government's partnership role, it does not address Canadians' expectations in terms of sustainable public financing for their health care system.

Manitoba's concerns with the 2003 Arrangement, discussed in this Budget Paper, are summarized below.

- The federal share of funding for health and other social programs remains substantially below the 25% threshold recommended by Premiers and Commissioner Romanow.
- Base funding for the Canada Health and Social Transfer (CHST) was not increased. While the funds flowing from the CHST Supplements are welcome, they do not translate into an ongoing sustainable financial commitment from Ottawa.
- With new funding being either "one-time" or targeted, the 2003 Arrangement does not address the current imbalance between the responsibilities and resource capacity of the two orders of government.
- The annual amounts in the Health Reform and the Diagnostic/Medical Equipment Funds are not adequate to achieve the reforms required in the health care system.
- These targeted funds create additional spending pressure, at least over the short term.
- The decision to set the level of transfers in respect of post-secondary education and social services, substantially below that which existed in 1994/95, creates a significant funding gap for provinces and territories to address.
- This decision to re-allocate funding to health from post-secondary education and social services artificially raises the federal share of health care funding, and raises questions about federal accountability and transparency.
- The Arrangement is back-end loaded insofar as much of the funding in the first three years is financed from the 2002/03 federal surplus. The ongoing financial commitment is modest over this period and only starts to rise, in any appreciable way, in the medium term.

■ Overview of the 2003 Arrangement

The 2003 Health Financing Arrangement is a multi-year plan for federal funding of major provincial and territorial social programs. A detailed table, outlining the payment schedule and purpose of the amounts announced by the federal government over the next five years, can be found in Appendix A. The table below summarizes the 2003 Arrangement for the next three years, identifying previously announced funding increases, and differentiating between the funds which will and will not flow directly to provinces and territories in support of health care programs.

Summary of the 2003 Health Financing Arrangement

	2003/04	2004/05	2005/06	Total
	(Billions of Dollars)			
Total Federal Funding Increases	6.2*	5.4	7.7	19.3
Less: Old Money (previously announced)	(0.7)	(1.3)	(1.9)	(3.9)
Less: Funds for Federal Programs and Priorities	(1.0)	(1.1)	(1.3)	(3.4)
Equals: New Money for Patient Care	4.5*	3.0	4.5	12.0

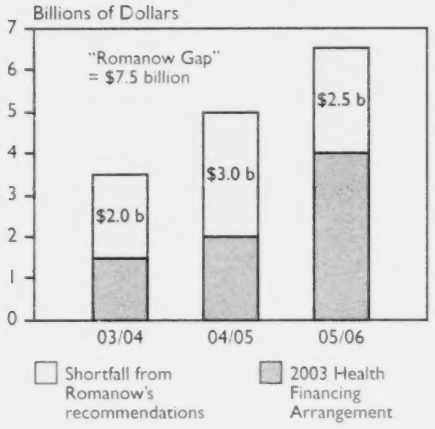
* The Additional CHST Supplement of $2 billion in 2003/04, included in the total, will be made available to provinces and territories if "the Minister of Finance determines during the month of January that there will be a sufficient surplus above the normal contingency reserve to permit such an investment."

At the 2003 First Ministers' meeting, the federal government announced a $17.3 billion increase in funding for health care. As well, it announced that it would provide up to an additional $2 billion in 2003/04 if its surplus exceeded normal contingency requirements. Of this total, $7.3 billion was either previously announced or will flow to federal health initiatives, not directly to provinces and territories for core health care services.

Of the potential $12 billion in new money flowing from the federal government to provinces and territories for patient care over the next three years,

Chart 1

Federal Response to Romanow's Recommendation



Sources: 2003 Federal Budget, Romanow Report, Manitoba Finance

FUNDS FOR FEDERAL HEALTH PROGRAMS

Manitoba believes that the federal government has an important role to play in providing certain programs that fall outside of the scope of provincial and territorial health care programs, such as the development of a National Immunization Strategy. However, federal expenditures in areas like an Employment Insurance family leave benefit or health technology assessment, should not be portrayed as contributions to provincial and territorial health care spending.

The federal government also depicts funding for its own program responsibilities, such as health care for Aboriginal persons and its regulatory process for new drugs, as part of its contributions to provincial and territorial spending. These are programs that the federal government has delivered for many years as part of its constitutional responsibilities.

$7.5 billion has been targeted for health reform initiatives in the areas of primary care, home care, pharmaceutical care and diagnostic medical equipment. This amount is only half of the $15 billion recommended by the Commission on the Future of Health Care in Canada (Romanow Commission) and the Standing Senate Committee on Social Affairs, Science and Technology (Kirby Committee). This shortfall represents what has been termed the "Romanow Gap." It is also substantially less than what was proposed by Premiers at their January 23, 2003 meeting.

The federal government announced that it will provide $2.5 billion as a one-time CHST Supplement "to relieve existing pressures." The federal government also announced that it would provide an additional CHST Supplement of up to $2 billion at the end of the 2003/04 fiscal year if "the Minister of Finance determines during the month of January that there will be a sufficient surplus above the normal Contingency Reserve to permit such an investment." Such contingent funding does not provide a stable and predictable funding base for major social programs. Manitoba believes that funding increases should be negotiated and reflect objective, measurable factors, such as growth in Gross Domestic Product.

■ What the 2003 Health Financing Arrangement means for Manitoba

Funding for health and other social services flowing from the 2003 Arrangement and 2003 Federal Budget will affect the provision of health and other social services received by Manitobans in two ways. First, the CHST Supplement and additional CHST Supplement will be used to offset cost increases for health, education and social services that exceeded CHST support in 2002/03 and are budgeted for in 2003/04.

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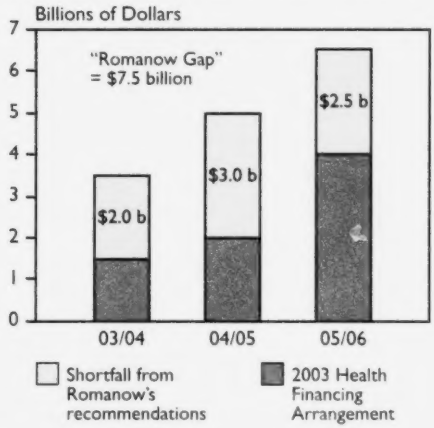

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Second, Manitoba's share of the amounts identified in the federal Budget for health reform, approximately $275 million, will be utilized over the next three years to continue the work of restructuring and enhancing health care delivery in the province.

Costs in health, education, and social services continued to grow as provinces and territories awaited the recommendations of the Romanow Commission and the federal response to it. Moreover, reform of the health care system in the province has proceeded on the assumption that funds would be flowing from the federal government to support this work. In 2002/03 and 2003/04, program costs associated with health, education and social services are cumulatively estimated to be $760 million higher than they were in 2001/02.

Given that the federal government has surpassed its fiscal targets by a wide margin every year since taking office, it is reasonable to assume it will make good on its promise to provide the additional $2 billion CHST Supplement funding to top up the $2.5 billion already announced. Manitoba plans to utilize its $164 million share of this $4.5 billion total to relieve existing pressures in major social program costs anticipated in the coming fiscal year, as well as some that the Province has incurred in anticipation of the Romanow Report and the federal response.

While the immediate cash infusion that the CHST Supplement represents is welcome, previously announced increases in base funding for the CHST and targeted funding will only support about a 1.5% increase in health, education and social service spending in 2003/04 and about 1.0% over the medium term. As a consequence, significant pressure will remain on the Province as it seeks to sustain or enhance these important programs.

Because of the manner in which the federal government has chosen to split the CHST into the Canada Health Transfer (CHT) and Canada Social Transfer (CST), its support for education and social

PATH OF HEALTH CARE REFORM IN MANITOBA

The 2003 Health Financing Arrangement sets out a path for continued reform in four key areas of the health care system. In line with the reforms currently under way in the province, and the Manitoba Government's commitment to a strong public health care system, the Minister of Health will announce, over the coming months, details of key health care reforms in Manitoba.

- ***Primary Health Care*** *– ensure that Manitobans have access to appropriate health care providers, so that they will be able to routinely access care from multi-disciplinary health care organizations or teams.*
- ***Home Care*** *– enhance access to services in the home and community that improve the quality of life of Manitobans, particularly short-term acute home care, acute community mental health and palliative care.*
- ***Catastrophic Drug Coverage*** *– ensure that all Manitobans have reasonable access to catastrophic drug coverage.*
- ***Diagnostic/Medical Equipment*** *– improve access to diagnostic tests and treatment services, including support for the specialized staff training required to maintain and operate diagnostic/medical equipment.*

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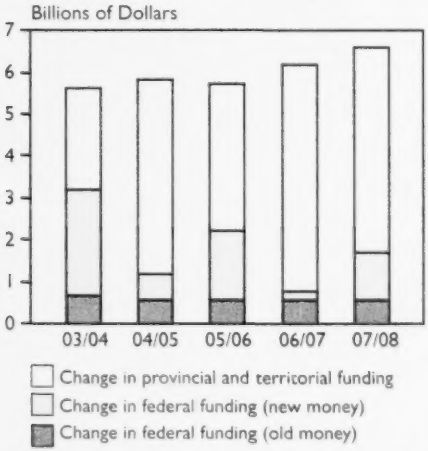
Chart 2

Year-to-year Increase in Major Social Program Expenditure and Sources of Funding



Sources: 2003 Federal Budget, Manitoba Finance

services in Manitoba will effectively be set at a level that is about $100 million lower than it was a decade earlier, in 1994/95. This stands in sharp contrast with the fact that actual program costs have risen considerably. By the time the CST is implemented next year, costs in these program areas in the province may be expected to be about $500 million higher than they were a decade ago, reflecting both the impact of inflation and changes in the needs of Manitobans. Such a cut in funding levels will be reflected in services, not only in Manitoba, but in other jurisdictions as well.

■ Assessment of the 2003 Arrangement

Both the Romanow Commission and Kirby Committee, along with the vast majority of Canadians, expected the federal government to seize the opportunity afforded by time and circumstance to define for itself a more substantial funding role in the future of the health care system. Armed with expert advice from federal health care reports and national health care organizations, and knowledge of the serious funding pressures faced by provinces and territories, the federal government should have been able to provide a more substantive response to questions raised about its future partnership role.

The 2003 Arrangement is a step forward, in terms of the scope of services provided under the publically funded health care system. However, the amount provided to provinces and territories is back-end loaded, and only half that recommended by the Romanow Commission (see Appendix A). As well, a number of the priority areas identified by Romanow and Kirby are yet to be addressed (see Reform Priorities Not Addressed). Provincial priorities that require immediate attention, such as an adequate number and distribution of health professionals, have largely gone unfunded by the federal government.

Chart 2 compares the projected year-to-year change in expenditure on health, education and social services with the scheduled increases in federal funding. The year-to-year change in new federal funding is quite variable and ranges from a high of $2.5 billion in 2003/04 to almost nothing in 2006/07.

On average, program costs are expected to increase at a rate of $6.0 billion per year. Provinces and territories will be expected to cover $4.2 billion, or 70%; new federal funding will cover $1.2 billion; and previously announced federal funding will cover $0.6 billion.

At their January 23, 2003 meeting, Premiers called on the federal government to restore immediately its funding share for major provincial and territorial social programs to 18%, and to raise it by one percentage point per year until it reaches 25%, at which time it would be increased annually by an appropriate escalation factor. Chart 3 compares the Premiers' recommendation for CHST cash transfers with the planned federal funding track.

As Chart 3 indicates, the federal CHST cash contribution to health and other social programs is significantly less than is required to restore its funding partnership. Without additional support, over the next eight years, federal cash transfers remain below 17% of total program costs, and do not approach the share identified by Premiers as necessary to constitute an adequate funding arrangement.

For 2002/03, it is estimated that the difference between what the Premiers defined as an adequate federal share, and Ottawa's actual contribution to health and other major social programs, was about $5 billion. By the end of the decade, the difference between the 25% recommended by Premiers and the 17% provided by the federal government would translate into an annual shortfall of over $15 billion, triple its current level.

REFORM PRIORITIES NOT ADDRESSED

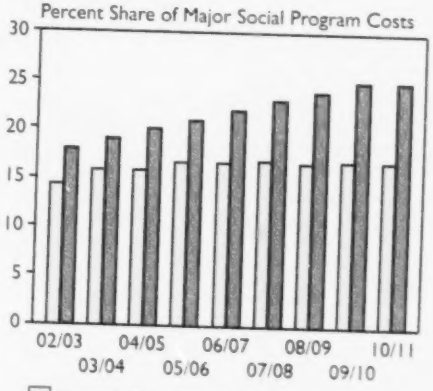
The 2003 Arrangement establishes two funds that cover four of the priority areas recommended by the Romanow Commission – a Health Reform Fund for primary health care, home care and catastrophic drug coverage, and a Diagnostic/Medical Equipment Fund.

Improving health care services in rural and remote communities was not addressed by the 2003 Arrangement. The Report recommended spending $1.5 billion over two years to improve access to health care in rural and remote communities.

The Kirby Committee recommended the federal government contribute $290 million per year to increase enrolment in medical and nursing schools, and increase the number of allied health professionals who graduate each year. The 2003 Arrangement did not address health human resources and the 2003 federal Budget provides only $90 million over five years for planning.

Chart 3

Planned and Required CHST Cash Transfers



Sources: Premiers' Communiqué January 23, 2003, 2003 Federal Budget, Conference Board of Canada, Manitoba Finance

> "In addressing the apparent deficit in health funding, that deficit should not be passed on to post-secondary education and social assistance."
>
> Final Report of the Commission on the Future of Health Care in Canada

Although the 2003 Health Financing Arrangement lays out the federal government's funding plan, it does not settle the underlying financing issue in respect of major social programs. It does not provide provinces and territories with a level of support that is adequate to address the ongoing cost pressures on core services, and allow them to implement fully their plans for restructuring the health care system. This sets the stage for yet another round of negotiations with the objective of getting the federal government to strengthen its commitment to social programs, in general, and Medicare, in particular.

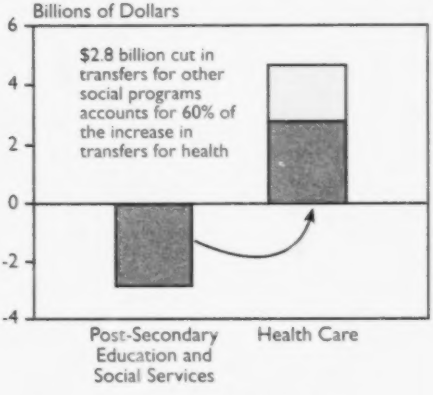
■ Federal transfers for post-secondary education and social services to be cut

Manitoba supports the principle of splitting the current CHST into separate health and social program transfers in order to increase transparency and accountability to the public. However, the manner in which the federal government plans to execute the split may create serious problems in respect of funding both post-secondary education (PSE) and social services.

Against the advice of the Romanow Commission and Premiers, the federal government announced it would fund post-secondary education and social services under a new Canada Social Transfers at a level significantly lower than it did in 1994/95. This decision is important because it effectively re-allocates a major portion of the transfer payments from post-secondary education, social assistance and other social programs, to health care. This means that a substantial part of the announced increase in the federal government's support for provincial and territorial health care programs is not new money for provinces and territories. Rather, the increase for health care comes at the expense of existing funding for social services and post-secondary education.

Chart 4

Change in Federal Transfers between 1994/95 and 2004/05



Sources: Federal Department of Finance, 2003 Federal Budget, Manitoba Finance

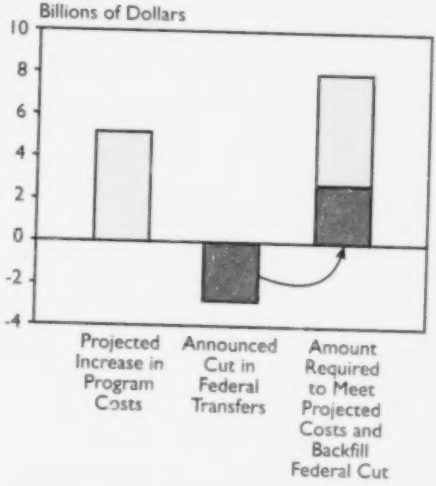
In 1994/95, prior to the introduction of the CHST, the federal cash transfer in respect of health care was $8.1 billion. In its 2003 Budget, the federal government announced that when it introduces the CHT in 2004/05, health will receive $12.7 billion, an amount $4.6 billion higher than in 1994/95. At the same time, when it introduces the CST, funding for post-secondary education and social services will be set at a level of $7.8 billion, an amount $2.8 billion less than in 1994/95. Chart 4 illustrates that almost 60% of the increase in federal support for health care comes at the expense of its commitment to social services and post-secondary education. This action significantly undercuts the value of the announced increases in funding for health care, and represents a significant and imminent problem for provincial and territorial governments.

The drastic reduction in federal financial support for post-secondary education and social services takes place over the same timeframe as program costs are projected to have risen appreciably. Based on cautious assumptions, it is estimated that the cost of these programs will be about $5.2 billion higher in 2004/05 than in 1994/95. Not only will there be no increase in federal funding to assist with the burden of need in these areas, but the federal government will actually be offloading on to provincial and territorial governments an additional cost burden of $2.8 billion. As Chart 5 shows, the bottom line is that, compared to 1994/95, provinces and territories will face an increase of $8 billion in costs by 2004/05, over one-third of which is as a direct result of the way in which the federal government is establishing the base amount for the CST.

The pattern of declining federal support for post-secondary education and social services (in the face of growing expenditure pressures) found in the federal projections, parallels the situation in which declining federal support led to the current crisis in health care in Canada.

Chart 5

Impact of CST Implementation, 2004/05 Compared to 1994/95



Sources: Federal Department of Finance, 2003 Federal Budget, Manitoba Finance

"With the current fiscal regimes in place, the vertical fiscal imbalance will widen in the future, as only the federal government has the financial capacity to pay down its debt or implement new initiatives such as tax cuts and new discretionary program spending. In contrast, the provinces and territories will have no leeway to implement new policy initiatives over the next two decades."

Conference Board of Canada, *Vertical Fiscal Imbalance: Fiscal Prospects for the Federal and Provincial/Territorial Governments* (July 2002)

Although the CST is scheduled to increase once implemented, these modest increases follow a decade in which federal underfunding has been backfilled by provincial and territorial governments. Moreover, the level of federal support that existed in 1994/95 is not restored even in nominal dollar terms. For the federal government to match the share of funding for post-secondary education and social services it provided in 1994/95, it will have to add $4.3 billion in funding in 2004/05 to the amount announced in its 2003 Budget – $2.8 billion to get back to its 1994/95 level, and an estimated $1.5 billion to get back to the same share it provided in 1994/95.

Improvements in health and other social programs tend to reinforce one another. We need a better balance of social and medical services; to achieve better health outcomes and higher levels of investment in students, colleges and universities; to address critical health human resource shortages; and to compete in an increasingly knowledge-based, technologically advanced and global economy.

The responsibility-resource imbalance goes unaddressed

According to the terms of the 2003 Arrangement, the Health Reform and Diagnostic/Medical Equipment Funds are to be used to increase access to a wider range of services. As a result, these Funds will serve to establish a higher spending track for health care in the foreseeable future. While provinces and territories work to improve the quality of, and access to, health care, it remains to be seen whether or not these changes in services and program delivery will help contain expenditure growth in the future.

Most of the new money flowing to provinces and territories is tied to expanded services related to health care reform. Therefore, the 2003

Arrangement will do little to address the underlying imbalance between the responsibilities of the two orders of government, to provide services to Canadians and the financial resources required to adequately address them. The CHST Supplements will provide some temporary relief to provinces and territories in addressing existing cost pressures across the range of services they provide. While certainly welcome, these cash supplements do not represent an ongoing commitment by the federal government and, as a result, do not form the basis of a more permanent solution to the resource problem faced by provinces and territories.

Provincial and territorial budgets are expected to continue to be under stress while the federal government enjoys budgetary surpluses. As a result, the responsibility-resource imbalance will worsen.

Manitoba's position

Manitoba is actively engaged in the process of reforming the public health care system to ensure that it meets the needs of Manitobans, and continues to be a superior alternative to a for-profit private system. In this regard, it is clear that the federal government's funding commitment is not adequate, by half, to effect the transition to a more sustainable system as envisaged by both Commissioner Romanow and Senator Kirby. Given this shortfall, Manitoba recommends that the federal government fully recommit itself to the longer-term financial sustainability of health care and other social programs. It should reconsider adopting the Premiers' proposal for re-establishing a meaningful partnership with them in sustaining these key programs into the future.

Because the CHST split is a year away, the federal government still has an opportunity to avoid the major problems caused by its proposed funding for the CST. While provinces and territories continue to have issues with respect to the overall funding level of the CHT, the federal government should ensure

"Much of the money available in the Health Reform Fund will be back-loaded toward the end of the term of the 2003 accord. This may end up delaying needed reform in many areas."

"Change will still occur, but it should be understood, it will occur more slowly than should be the pace, ideally, that Canadians and the system demands."

Hon. Roy Romanow testifying to the House of Commons Standing Committee on Health, April 2, 2003

that increases to the health component not come by way of reductions in the social program component of transfers. Provinces and territories should not again have to backfill for a huge de facto cut in federal transfers for post-secondary education and social services.

Manitoba recommends that when the federal government implements the new CST on April 1, 2004, it be established at a level that restores the same federal share of program funding that existed in 1994/95, prior to the cuts in cash transfers for major social programs.

In addition, Manitoba supports the federal provision to "roll over" the Health Reform Fund into the CHT in 2008/09. Manitoba proposes that the federal government consider doing the same with the Diagnostic/Medical Equipment Fund. Rather than allowing it to expire, the federal government could "roll over" funding into the CHT in 2006/07 to help provinces and territories defray ongoing operating and staff training costs.

■ Conclusion

While the CHST Supplements announced in the 2003 Health Financing Arrangement provide some short-term relief to provinces and territories struggling with cost pressures in health and other social programs, the federal contribution still falls far short of what is required to assure sustainability into the future. Moreover, the amounts targeted for health care reform fall short of even the modest amounts recommended by both federal health care reports. Manitoba remains concerned that the amounts available for reform will not be sufficient to transform the system, and that there are numerous issues yet to be addressed.

The announced measures fail to resolve the issue of an adequate federal partnership in funding major social programs. Future federal funding commitments, specific to the CHT and CST, are

inadequate under the current plan. Canadians want their federal and provincial governments to work together to build and fund effective health, education and social programs, which reflect their values and their priorities, meet their needs and are financially sustainable into the future.

M121

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Appendix A:

Details of the 2003 Health Financing Arrangement

	2003 /04	2004 /05	2005 /06	Total 3 Year		2006 /07	2007 /08	Total 5 Year
	(Billions of Dollars)					(Billions of Dollars)		
CHST Increase	0.7	1.3	1.9	**3.9**	*Previously Announced*	2.5	3.1	**9.5**
CHST Supplement	1.0	1.0	0.5	**2.5**	*For Existing Programs*			**2.5**
Additional CHST Supplement*	2.0			**2.0**				**2.0**
Health Reform Fund	1.0	1.5	3.5	**6.0**	***$7.5 billion** - Half of Romanow's $15 billion recommendation*	4.5	5.5	**16.0**
Diagnostic/Medical Equipment Fund	0.5	0.5	0.5	**1.5**		0.0	0.0	**1.5**
New Funding for Patient Care*	4.5	3.0	4.5	**12.0**	***New Funding to Provinces/Territories***	4.5	5.5	**22.0**
Information Technology	0.2	0.2	0.2	**0.6**	*Goes to Canada Health Infoway Inc.*	0.0	0.0	**0.6**
Research Hospitals	0.1	0.1	0.2	**0.4**	*Goes to Canadian Foundation for Innovation*	0.1	0.0	**0.5**
Direct Health Arrangement Initiatives	0.2	0.3	0.3	**0.9**	*Direct Federal Spending*	0.3	0.3	**1.6**
Federal Health Priorities	0.3	0.3	0.3	**0.8**	*Federal Budget Priorities*	0.2	0.3	**1.3**
First Nations Health	0.2	0.2	0.3	**0.7**		0.3	0.3	**1.3**
Total Federal Announcements*	6.2	5.4	7.7	**19.3**		8.0	9.5	**36.8**

* The Additional CHST Supplement of $2 billion in 2003/04, included in the total, will be made available to provinces and territories if "the Minister of Finance determines during the month of January that there will be a sufficient surplus above the normal contingency reserve to permit such an investment."

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Appendix B:

History of Federal Support for Major Social Programs

In the 1950s and 1960s, the federal, provincial and territorial governments were partners in forging health and other social service programs in Canada. Programs for hospital and physician services, post-secondary education support and social services were all implemented and expanded in partnership, with the federal government usually providing about 50% of the costs. In some instances, as with post-secondary education and support to less affluent provinces, the federal share exceeded 50%.

As new services were added to the original cost-shared programs, provinces wanted greater flexibility in order to achieve greater efficiencies, while the federal government wanted to reduce its exposure to rising costs. The Established Programs Financing Arrangement (EPF) replaced the health and post-secondary education programs, while the Canada Assistance Plan (CAP) for social services remained cost-shared between the federal and provincial governments. Roughly half of the federal share for EPF programs was added to the provincial share, by way of the federal government vacating tax room. Eventually, the combination of federal cash plus tax room was delivered in a formula that recognized the different tax capacities of provinces and offset them to provide equal per capita transfers. The total of the cash plus tax was to grow at the rate of GDP, providing adequate growth in revenue for the provinces, and affordability for the federal government.

In the 1980s and early 1990s, the federal government began to further reduce its commitment to these essential public services – first through reducing the growth rate of transfers and then through caps on its expenditures. This federal withdrawal culminated in 1996/97 when EPF and CAP were collapsed into the Canada Health and Social Transfer (CHST), and federal support was cut drastically. Within three years of the implementation of the CHST, annual cash

transfers to provinces and territories in respect of health, post-secondary education and social services were cut by one-third, or $6.2 billion.

As a result, by September 2000, provinces were struggling under the weight of increased costs for health and other social programs, while federal support for these public programs sank to record lows in terms of its share of costs. In many provinces, hospital beds were closed, health care professionals were stretched to meet expanding demand, and students faced double-digit increases in tuition fees. Manitobans and other Canadians were alarmed as they witnessed the effect that reductions in federal support had, over time, on the public services they valued.

In this context, the 2000 and 2003 Health Financing Arrangements are clearly positive steps, reversing the trend toward declining federal support for social programs, which had fallen to 14% by 1998/99. However, over the next eight years, federal cash transfers are projected to remain below 17% of total social program costs. Manitoba maintains that this represents an inadequate arrangement for sharing the costs of providing Canadians with their most valued public services, and a missed opportunity for the federal government to strengthen its role as a constructive partner.

Chronology of Federal-Provincial/Territorial Arrangements in Support of Major Social Programs

1958	Hospital and Diagnostic Services Act
1966	Canada Assistance Plan
1967	Federal-Provincial Fiscal Arrangements Acts
1968	Medical Care Act (Medicare)
1977	Established Programs Financing
1996	Canada Health and Social Transfer
2004	Canada Health Transfer Canada Social Transfer

Budget Paper D

TAXATION ADJUSTMENTS

TAXATION ADJUSTMENTS

Contents

Summary of 2003 Tax Measures 1

Personal Income Tax 2

- Middle bracket tax rate 2
- Community Enterprise Development Tax Credit 2

Education Property Tax Credit 3

Education Support Levy 4

Corporation Income Tax 4

- Co-operative Education Tax Credit 4
- Manufacturing Investment Tax Credit: extension 4
- Manufacturing Investment Tax Credit: energy conservation equipment 5
- Deposit guarantee corporations 5

Corporation Capital Tax 5

Tobacco Taxes 6

Riparian Tax Credit 6

Retail Sales Tax 6

- Exemption for farm manure slurry tanks, lagoon liners and straw pellets 6

Technical and Administrative Measures 7

Personal Tax Savings Since 1999 7

Further Information 8

Manitoba Income Tax Savings for Typical Taxpayers 9

Manitoba Income Taxes Since 1999 10

Provincial Education Property Taxes and Credits 11

2003 Interprovincial Comparison of Tax Rates 12

Summary of 2003 Tax Measures

	2003/04	Full Year
	(Millions of Dollars)	
Personal Tax Measures		
Personal Income Tax reduced	(9.8)	(39.0)
Education Support Levy reduced	(17.1)	(17.1)
Education Property Tax Credit adjusted	(1.5)	(1.5)
Community Enterprise Development Tax Credit introduced	(0.1)	(0.6)
Total Personal Tax Measures	**(28.5)**	**(58.2)**
Business Tax Measures		
Manufacturing Investment Tax Credit (MITC) extended	(13.1)	(17.5)
Corporation Capital Tax adjusted	(1.7)	(6.5)
Co-operative Education Tax Credit introduced	(0.1)	(0.1)
Deposit guarantee corporations	– [A]	– [A]
Total Business Tax Measures	**(14.9)**	**(24.1)**
Health and Green Measures		
Tobacco Tax rate increased	6.4	7.0
MITC: energy conservation equipment added	(0.5)	(1.0)
Riparian Tax Credit extended	(0.5)	(0.5)
RST exemption for slurry tanks, lagoon liners and straw pellets	(0.4)	(0.5)
Total Health and Green Measures	**5.0**	**5.0**
Net Change 2003 Budget	**(38.4)**	**(77.3)**
Ongoing Tax Reductions		
Personal tax reductions	(18.0)	(18.0)
Business tax reductions	(26.3)	(46.9)
Net Change 2003/04 and Subsequent Years	**(82.7)**	**(142.2)**

Ongoing tax reductions are those that were announced in previous Budgets to take effect in 2003 or later years. These are: (a) reduce the Personal Income Tax middle bracket rate to 14.9% on January 1, 2003; (b) decrease the general Corporation Income Tax (CIT) rate from 16.5% in 2002 to 16.0% in 2003, 15.5% in 2004 and 15.0% in 2005; and (c) raise the CIT small business threshold from $300,000 in 2002 to $320,000 in 2003, $360,000 in 2004 and $400,000 in 2005.

[A] Minimal cost.

■ Personal Income Tax

Middle bracket tax rate

(2003/04 revenue impact: -$9.8 million)

The tax rate in the middle bracket is reduced to 14.0% from 14.9% for the 2004 taxation year. This rate applies to taxable income between $30,544 and $65,000.

This change will save Manitoba taxpayers $39.0 million in the 2004 tax year. It will reduce revenue by $9.8 million in 2003/04.

The middle bracket rate was previously reduced from 16.6% in 1999 to 16.2% in 2000, 15.4% in 2002 and 14.9% in 2003.

Community Enterprise Development Tax Credit

(2003/04 revenue impact: -$0.1 million)

To promote community economic development in the province, the Manitoba Community Enterprise Development (CED) Tax Credit is introduced. This innovative tax incentive encourages Manitobans to invest in opportunities in their communities, and provides community-based enterprise development projects with the means to raise necessary equity capital.

The Manitoba CED Tax Credit is a non-refundable, 30% personal income tax credit for resident investors in eligible community enterprise development projects. The maximum credit that an individual investor can earn in a year is $9,000, based on a maximum $30,000 eligible investment. Any credits earned but unused in a given year are available to be carried forward for up to seven years and carried back up to three years. Investors are expected to maintain their investments in qualified community enterprises for a prescribed period of time in order to fully benefit from the tax credit. Investors can claim the CED Credit on their Manitoba Personal Income Tax returns.

There are two types of qualified investments: specific community enterprises, and community development investment pools. The latter will serve as a conduit for investments in qualifying Manitoba community enterprises.

The Department of Intergovernmental Affairs approves eligible community enterprise development projects and pools, and determines eligible investments in individual projects.

■ Education Property Tax Credit

(2003/04 expenditure impact: $1.5 million)

The maximum Education Property Tax Credit for seniors rises from $775 to $800 for 2003, providing additional property tax relief to 61,500 senior households. This change has the effect of raising from $37,500 to $40,000 the income level above which seniors are only eligible for the $400 basic Credit.

The Education Property Tax Credit provides assistance based on property taxes and income. For tenants, 20% of rental payments is used as a proxy for property taxes paid. The Credit is equal to the lesser of:

(a) property taxes above $250, or

(b) $675 ($800 for seniors) less 1% of family net income.

The minimum Credit is $400, which most homeowners receive as a deduction on their municipal property tax statement. Tenants, and those who qualify for more than the minimum amount, claim the Credit on the Manitoba Income Tax return.

In 2000 and 2001, the minimum amount was increased in two steps from $250 to $400. The maximum amount for non-seniors was raised from $525 to $675, and the maximum amount for seniors was raised from $625 to $775. The following table shows the value of the Credit for seniors at several income levels.

VALUE OF THE EDUCATION PROPERTY TAX CREDIT FOR SENIORS, 1999 AND 2003

Income	1999	2003	Increase
$15,000	$475	$650	$175
$20,000	$425	$600	$175
$25,000	$375	$550	$175
$30,000	$325	$500	$175
$35,000	$275	$450	$175
$40,000 and over	$250	$400	$150

■ Education Support Levy

(2003/04 collections impact: -$17.1 million)

The Education Support Levy (ESL) is a province-wide property tax. In Budget 2002, Manitoba made a commitment to eliminate the residential ESL over a period of five years, without affecting revenue to school divisions.

For 2003 property tax statements, the residential mill rate falls 20.5% from 6.64 mills to 5.28 mills. (For technical reasons, the new rate may be slightly different in the City of Winnipeg.)

The total amount of residential ESL collected falls from $88.9 million to $71.8 million – a decrease of $17.1 million. These annual savings are on top of the $10 million ESL reduction in 2002 and the $53 million in annual savings delivered to Manitobans in previous Budgets through increases in the Education Property Tax Credit.

■ Corporation Income Tax

Co-operative Education Tax Credit

(2003/04 revenue impact: -$0.1 million)

Employers who provide work placements for students enrolled in a recognized, post-secondary co-operative education program may claim a 10% credit against Corporation Income Tax of up to $1,000 for each student so hired.

The value of co-op programs has been demonstrated, both for employers – who can hire promising students with relevant education – and for students – who can find jobs more readily after they graduate because of their work experience. As a result, graduates of co-op programs are more likely to find work and stay in Manitoba. This new Credit will help promote the development of co-op education programs in this province.

Manufacturing Investment Tax Credit: extension

(2003/04 revenue impact: -$13.1 million)

The Manufacturing Investment Tax Credit is renewed for a further three years beyond its scheduled expiry date of June 30, 2003. Due to its success in promoting the continued expansion and renewal of Manitoba's manufacturing sector, the Credit is now available until June 30, 2006. The cost of this measure is expected to be $17.5 million annually.

The Credit is deductible against Corporation Income Tax. Unused investment Credits can be carried forward for up to seven years and carried back up to three years.

Manufacturing Investment Tax Credit: energy conservation equipment

(2003/04 revenue impact: -$0.5 Million)

To promote conservation of energy and the use of renewable energy sources, the Manufacturing Investment Tax Credit is extended to include Class 43.1 equipment.

Class 43.1 includes (for the firm's own consumption): (a) equipment used to produce energy from renewable sources such as bio fuels or wind, and (b) equipment which uses energy more efficiently. The Tax Credit will help Manitoba companies reduce production costs and become more competitive. It will also help them to reduce harmful emissions, consistent with Canada's commitments under the Kyoto Accord.

The Tax Credit may be carried forward for up to seven years and carried back up to three years for tax years ending after April 22, 2003.

The full-year cost is expected to be no more than $1 million.

Deposit guarantee corporations

(2003/04 revenue impact: minimal)

Commencing with the 2003 taxation year, credit union and caisse populaire deposit guarantee corporations in Manitoba have access to the Manitoba small business Corporation Income Tax rate on their income. This change conforms to the federal treatment of provincial deposit guarantee corporations, and with the tax treatment in other provinces with significant credit union and caisse populaire memberships.

Corporation Capital Tax

(2003/04 revenue impact: -$1.7 million)

The Corporation Capital Tax $5 million exemption will be converted to a $5 million deduction for corporation fiscal years commencing after January 1, 2004.

Corporations with taxable capital under $5 million are currently exempt from paying Corporation Capital Tax, while larger corporations pay the tax on their entire capital. This creates a sharp increase in tax for smaller firms when they first cross the $5 million threshold. By converting the exemption to a deduction, all firms will only pay the tax on that part of their capital that exceeds $5 million. All 2,800 corporations currently subject to this tax will benefit.

The full-year cost of this measure will be $6.5 million.

■ Tobacco Taxes

(2003/04 revenue impact: $6.4 Million)

For health and revenue reasons, effective midnight April 22, 2003, the Tobacco Tax rates increase as follows:

	To	From
Cigarettes (each)	15.5¢	14.5¢
Fine cut (per gram)	14.5¢	13.2¢
Raw leaf (per gram)	13.0¢	11.9¢

Manitoba's tax rate on cigars has been unchanged since 1992. To bring it more into line with the tax rates on other tobacco products, the levy on cigars increases from 45% of the retail price to 60%.

■ Riparian Tax Credit

(2003/04 expenditure impact: $0.5 million)

To promote environmentally sound management of river and stream banks in agricultural areas, the Riparian Tax Credit is extended for one year, allowing agricultural operators to apply for the Credit during the 2003 calendar year. New participants will make commitments to maintain specific management practices on riparian land throughout the calendar years 2004 through 2006, and will receive Tax Credit benefits in each of those years. Eligibility is extended to include land adjacent to Order 7 drains (i.e. the Red and Assiniboine Rivers).

■ Retail Sales Tax

Exemption for farm manure slurry tanks, lagoon liners and straw pellets

(2003/04 revenue impact: -$0.4 million)

To promote environmentally safe handling of animal waste on farms, this Budget announces a two-year extension, to June 30, 2005, for the exemption on manure slurry tanks and lagoon liners for use in farm livestock operations.

To promote the use of straw as a value-added resource and make productive use of a farm by-product, the exemption for firewood used for heating and cooking is expanded to include straw pellets effective midnight, April 22, 2003.

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■ Technical and Administrative Measures

Amendments to various statutes will be introduced, including:

- introducing refund provisions for the Gasoline Tax, Motive Fuel Tax, and Land Transfer Tax, consistent with other tax statutes;
- rectifying provisions governing the Manitoba Small Business Deduction in response to the 2003 Federal Budget;
- clarifying liabilities subject to Corporation Capital Tax; and
- adjusting certain provisions governing Labour-Sponsored Investment Funds.

Personal Tax Savings Since 1999

Personal Income Taxes, Education Property Tax Credits, and Education Support Levy

	Implemented in Tax Year:					Cumulative
	2000	2001	2002	2003	2004	Annual Totals
	(Millions of Dollars)					(Millions of Dollars)
Income Tax Reductions:						
2000 Budget	9	68	34			111
2001 Budget		29	7	18		54
2002 Budget			15			15
2003 Budget					39	39
Total						220
EPTC Increases; ESL Decreases						
2000 Budget	26					26
2001 Budget		27				27
2002 Budget			10			10
2003 Budget				19		19
Total						82
Annual Totals	**35**	**124**	**67**	**37**	**39**	
Cumulative Annual Totals	**35**	**159**	**226**	**262**	**301**	**301**

Totals may not add due to rounding.

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Totals may not add due to rounding.

■ Further Information

For further information, view Bulletin 103 at the Manitoba Finance web site: www.gov.mb.ca/finance/taxation, or contact the appropriate office as listed below.

Personal Income Tax, Education Property Tax Credit, Riparian Tax Credit:

Manitoba Tax Assistance Office
Manitoba Finance
Telephone: (204) 948–2115 in Winnipeg
Toll-free: 1–800–782–0771
Facsimile: (204) 948–2263
E-mail: TAO@gov.mb.ca
www.gov.mb.ca/finance/tao

Education Support Levy:

Schools Finance Branch
Manitoba Education, Training and Youth
Telephone: (204) 945–6910
Facsimile: (204) 948–2000
E-mail: mbedu@merlin.mb.ca
www.edu.gov.mb.ca/ks4/feedback.html

Manufacturing Investment Tax Credit:

Federal-Provincial Relations and Research Division
Manitoba Finance
Telephone: (204) 945–3757
Facsimile: (204) 945–5051
E-mail: fedprov@gov.mb.ca
www.gov.mb.ca/finance/fedprov

Co-operative Education Tax Credit:

Council on Post-Secondary Education
Telephone: (204) 945–4720
Facsimile: (204) 945–1841
E-mail: dsmith@copse.mb.ca
www.copse.mb.ca

Corporation Capital Tax, Retail Sales Tax, Tobacco Tax, Motive Fuel Tax and Gasoline Tax:

Taxation Division
Manitoba Finance
Telephone: (204) 945–5603 in Winnipeg
Telephone: (204) 726–6153 in Brandon
Toll-free: 1–800–782–0318 (Winnipeg)
1–800–275–9290 (Brandon)
Facsimile: (204) 945–0896
E-mail: MBTax@gov.mb.ca
www.gov.mb.ca/finance/taxation

Community Enterprise Development Tax Credit:

Economic Development Initiatives
Manitoba Intergovernmental Affairs
Telephone: (204) 945–2427
Facsimile: (204) 948–2362
E-mail: lprince@gov.mb.ca
www.gov.mb.ca/ia

Labour-Sponsored Investment Funds Tax Credit:

Financial Services Branch
Manitoba Industry, Trade and Mines
Telephone: (204) 945–5839
Facsimile: (204) 945–1193
E-mail: kjohnson@gov.mb.ca
www.gov.mb.ca/itm/financial

Manitoba Income Tax Savings for Typical Taxpayers

Income	Tax in 1999	Tax Savings since 1999			5-Year Total	2004 Savings over 1999
		In 2002	In 2003	In 2004		
	(Dollars)					(Percentage)
SINGLE PERSON						
10,000	178	115	116	116	473	**65.2**
20,000	1,369	179	181	179	755	**13.1**
40,000	4,012	335	388	473	1,550	**11.8**
70,000	9,153	755	937	1,243	3,582	**13.6**
100,000	14,572	955	1,137	1,443	4,511	**9.9**
SENIOR COUPLE*						
30,000	438	221	221	221	897	**50.7**
40,000	1,634	469	469	469	1,920	**28.7**
60,000	4,480	621	644	684	2,369	**15.3**
80,000	7,855	698	792	963	3,118	**12.3**
FAMILY OF FOUR - ONE EARNER						
25,000	591	375	378	375	1,525	**63.5**
40,000	2,891	570	627	708	2,340	**24.5**
60,000	6,625	1,024	1,181	1,442	4,454	**21.8**
75,000	9,435	1,174	1,356	1,662	5,126	**17.6**
100,000	13,951	1,090	1,272	1,578	4,900	**11.3**
FAMILY OF FOUR - TWO EARNERS						
30,000	691	324	326	324	1,351	**46.9**
40,000	1,453	417	420	417	1,715	**28.7**
60,000	4,107	654	689	732	2,741	**17.8**
80,000	7,169	907	1,008	1,157	3,957	**16.1**
100,000	10,188	1,017	1,197	1,478	4,638	**14.5**

Increased Education Property Tax Credits are not included in the above examples.

* For the senior couple, it is assumed that both spouses receive Canada Pension Plan, private pension income and the OAS Pension, with the principal taxfiler receiving 60% of the total private pension amount, and the other taxfiler receiving 40% of the total private pension amount.

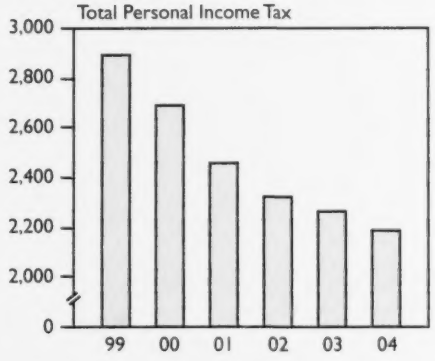
In these tables, it is assumed that single and married taxfilers have earned income and pay Canada Pension Plan and Employment Insurance premiums. In the two-earner couples, it is assumed one earner earns 60% of the income while the other earner earns 40%.

The tax savings drop in 2004 for a single person at $20,000 and a two-earner family at $40,000 because falling Employment Insurance premiums reduce the value of the EI Non-Refundable Tax Credit.

Totals may not add due to rounding.

Manitoba Income Taxes Since 1999

One-Earner Family of Four at $40,000



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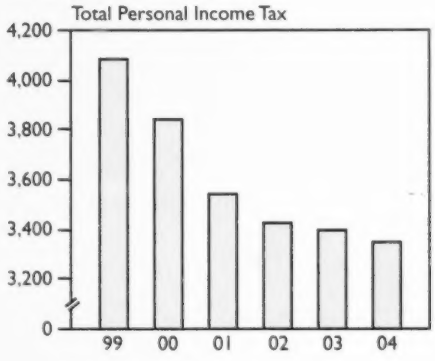
Two-Earner Family of Four at $60,000



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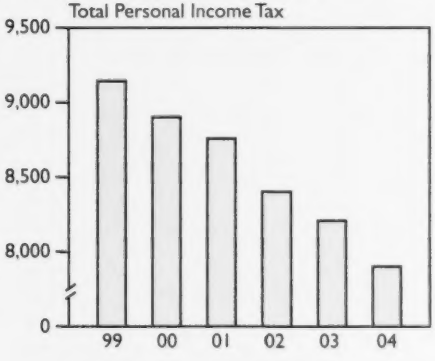
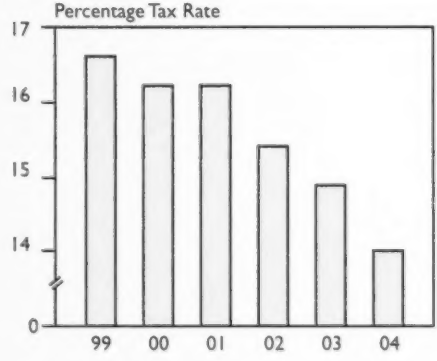
Single Individual at $70,000



Source: Manitoba Finance

History of Middle Bracket Rate Reductions



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Provincial Education Property Taxes and Credits

Residential Education Support Levy (ESL) has been cut.

Education Property Tax Credit (EPTC) has been increased.

Examples of savings for homes assessed at $100,000 in 2002

	ESL Reductions			Combined EPTC Increases in 2000 and 2001	Total Education Property Tax Savings
	in 2002	in 2003	Combined		
	(Dollars)				
School Division					
Winnipeg	49	61	110	150	260
Seven Oaks	50	61	111	150	261
Seine River	35	61	96	150	246
St. James Assiniboia	33	61	94	150	244
Interlake	25	61	86	150	236
Portage La Prairie	37	61	98	150	248
Brandon	16	61	77	150	227
Flin Flon	59	61	120	150	270
Prairie Spirit	37	61	98	150	248
Evergreen	19	61	80	150	230
Turtle River	16	61	77	150	227
River East Transcona	36	61	97	150	247
Sunrise	33	61	94	150	244
Louis Riel	32	61	93	150	243
Pembina Trails	38	61	99	150	249

Source: Manitoba Education and Youth

In 2002, ESL savings varied by division due to the impact of reassessment in that year. The above chart reflects actual savings for homeowners with homes valued at $100,000 in 2002.

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2003 Interprovincial Comparison of Tax Rates

	BC	AB	SK	MB	ON
Personal Income Tax					
Top Marginal Rate (%) [A]	14.70	10.00	15.00	**17.40**	17.41
Health Care Premiums ($) [B]	1,296	1,056	–	–	–
Corporation Income Tax (%) [C]					
Small Rate	4.50	4.13	6.00	**5.00**	5.50
Large Rate	13.50	12.63	17.00	**16.00**	12.50
Capital Tax (%) [D]	–	–	0.60	**0.30**	0.30
Banks	3.00	–	3.25	**3.00**	0.90
Employer Payroll Tax (%)	–	–	–	**2.15**	1.95
Small Firms [E]	–	–	–	–	–
Sales Tax (%) [F]	7.50	–	6.00	**7.00**	8.00
Diesel Fuel Tax (¢/l) [G] [I]	15.00	9.00	15.00	**10.90**	14.30
Gasoline Tax (¢/l) [G] [I]	14.50	9.00	15.00	**11.50**	14.70
Tobacco Tax (¢/cigarette) [H]	16.00	16.00	16.00	**15.50**	8.60

[A] Top marginal provincial rates on taxable income include surtaxes paid by taxpayers in the highest bracket. For more detailed interprovincial comparisons of personal income taxes, see The Manitoba Advantage.

[B] In QC, Prescription Drug Plan premiums are a maximum of $422 for a single person and $844 for a couple, based on income. In prior Budgets, these premiums were included in income tax calculations.

[C] Some provinces apply special rates to certain types of business income. QC applies a 1.6% Youth Fund surtax on its corporation income tax rate of 8.9%. AB's small business rate was reduced from 4.5% to 4.0% and its general rate was reduced from 13.0% to 12.5%, effective April 1, 2003.

[D] MB has a $5 million exemption and imposes a 0.2% surtax on taxable paid-up capital in excess of $10 million. SK has a $15 million deduction and applies a 3.6% surcharge on resource corporations. Banks and trust companies in BC with paid-up capital less than $1 billion and with a head office in BC pay at a rate of 1.0%.

[E] Firms with payrolls of $500,000 or less in NL, $400,000 or less in ON, $1 million or less in MB and QC.

[F] Retail Sales Tax refers to general rate only. QC and PE apply the sales tax on top of GST-inclusive prices. Sales taxes in NB, NS and NL are harmonized with the federal Goods and Services Tax.

[G] Petroleum taxes are for regular gasoline and highway diesel fuel. Gasoline and diesel fuel are subject to a transit levy of 6 cents per litre in Vancouver, 2.5 cents per litre in Victoria and 1.5 cents per litre in Montréal.

[H] Provinces, except BC, AB, and PE, also apply sales taxes to tobacco products.

[I] In addition, QST applies in QC, and HST applies in NB, NS and NL.

QC	NB	NS	PE	NL	
					Personal Income Tax
19.22	17.84	18.34	18.37	19.64	Top Marginal Rate (%) [A]
844	–	–	–	–	**Health Care Premiums ($)** [B]
					Corporation Income Tax (%) [C]
9.04	3.00	5.00	7.50	5.00	Small Rate
9.04	13.00	16.00	16.00	14.00	Large Rate
0.60	0.30	0.25	–	–	**Capital Tax (%)** [D]
1.20	3.00	3.00	3.00	4.00	Banks
4.26	–	–	–	2.00	**Employer Payroll Tax (%)**
2.70	–	–	–	–	Small Firms [E]
7.50	8.00	8.00	10.00	8.00	**Sales Tax (%)** [F]
16.20	16.90	15.40	13.50	16.50	**Diesel Fuel Tax (¢/l)** [G] [I]
15.20	14.50	15.50	14.00	16.50	**Gasoline Tax (¢/l)** [G] [I]
9.05	11.75	13.02	14.95	15.00	**Tobacco Tax (¢/cigarette)** [H]

MANITOBA 2003

THE MANITOBA ADVANTAGE

Manitoba

BUILDING FOR THE FUTURE

THE MANITOBA ADVANTAGE

For more information about **The Manitoba Advantage,**
visit the Government of Manitoba websites:

Manitoba Finance: www.gov.mb.ca/finance
Manitoba Industry, Trade and Mines: www.gov.mb.ca/itm

Printed on recycled paper.

ISSN 1705-8937

THE MANITOBA ADVANTAGE

Contents

THE MANITOBA ADVANTAGE 1

THE MANITOBA ARTS AND CULTURE ADVANTAGE 8

Appendix 1: MANITOBA'S COMPETITIVE ENVIRONMENT FOR MANUFACTURING 11

Interjurisdiction Competitiveness 12

Conclusion 16

Appendix 2: 2003 INTERPROVINCIAL COMPARISON OF ANNUAL PERSONAL COSTS AND TAXES 17

THE MANITOBA ADVANTAGE

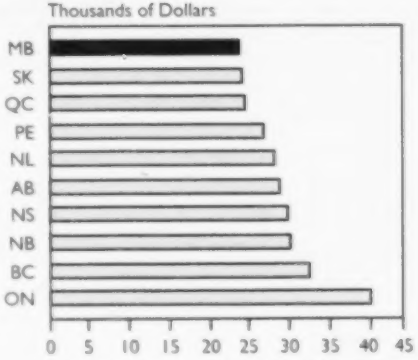
Statistics Canada's investment survey for 2003 shows that Manitoba is on its way to recording its fourth consecutive annual increase in private capital investment, a distinction shared by only one other province. This positive record of private investment over the past few years is consistent with Manitoba's overall economic performance – strong and stable.

Over the past five years, no other province in Canada has posted a more stable economic performance. Manitobans continue to enjoy record-high levels of private investment, growing employment and the lowest unemployment rate in Canada.

Manitoba's competitive business environment and economic success has been built upon a unique combination of factors we call The Manitoba Advantage:

- a productive, well-educated and multilingual labour force;
- an extremely favourable business cost environment, including affordable office and land costs, low construction costs, and affordable taxes;
- North America's lowest electricity costs: highly reliable, renewable and environmentally responsible hydro-electricity;
- modern and extensive communications infrastructure;
- an extensive network of research and development facilities, supporting innovation and technology diffusion;
- an excellent mid-continent location in the North American central time zone;
- flexible and cost-effective transportation links and intermodal facilities providing shipping by road, rail, air and sea;

Annual Personal Costs and Taxes Two-Earner Family of Four Earning $60,000*



*Includes income tax, retail sales and gasoline taxes, health premiums, mortgage costs, child care, auto insurance, telephone service, electricity, heating and property taxes.

Average House Price Executive Detached Two-Storey

Toronto	510,500
Vancouver	450,000
Calgary	405,950
Montréal	405,000
Halifax	340,000
Fredericton	250,000
Winnipeg	**225,667**
Charlottetown	225,000
St. John's	210,000
Regina	199,500

Source: Royal LePage *Survey of Canadian House Prices*, Fourth Quarter 2002

Average House Price Standard Townhouse

Toronto	220,000
Vancouver	201,313
Calgary	154,000
Halifax	121,000
Montréal	115,100
Fredericton	110,000
Regina	101,000
Charlottetown	86,000
St. John's	77,833
Winnipeg	**73,719**

Source: Royal LePage *Survey of Canadian House Prices*, Fourth Quarter 2002

- reliable and accessible public services, including quality universal public health care and education; and
- clean, uncongested and safe communities, a dynamic cultural and artistic community, and a pristine natural environment – all of which contribute to an unsurpassed quality of life.

Major companies continue to choose Manitoba as a place to invest and grow. Recently, firms like J. R. Simplot, Standard Aero, Cangene Corporation, Winpak Ltd., Nexen Chemicals, Biovail Corporation, Albchem Industries, Canwest Global Communications Group, Cormer Group Industries, and Monarch Industries have all recognized Manitoba's considerable advantages with new investment.

This paper provides details on The Manitoba Advantage, including business and personal costs and taxes, facts on Manitoba's quality of life and Manitoba's Arts and Culture Advantage.

■ What is The Manitoba Advantage?

- Manitoba has one of Canada's most diverse economies. Studies by Moody's Investors Services in both 2000 and 2002 showed that Winnipeg had one of Canada's most diverse urban economies. Manitoba is home to a number of major industries, including aerospace, bus manufacturing, food processing, health products and research, furniture, financial services, electricity, agriculture and transportation. While the province has many strengths, it also has balance; no one sector dominates the Manitoba economic landscape.
- The diversity of the province's industrial structure provides stability to the overall economy. Over the last five years, Manitoba's real GDP growth has been the most consistent among the provinces. This economic certainty contributes to

a more stable workforce and a predictable local business climate.

- Manitoba's hydro-electricity rates are among the lowest in the world. Manitoba Hydro, one of North America's major electricity companies, has generating capacity of over 5,000 megawatts. Virtually all of this energy is generated by clean, reliable and environmentally desirable water-powered facilities. Manitoba Hydro has identified several potential hydraulic power generating sites which could economically add more than 5,000 megawatts to its capacity. Manitobans will continue to have access to reliable and affordable power both today and in the future.
- Manitoba is located at the northern end of the mid-continental trade corridor, as well as at the major junction in Canada's east-west transportation system. These factors place the province in a strong position in terms of expanding trade and transportation links. Winnipeg is served by an intercontinental railway system that operates intermodal terminals in Winnipeg, handling over 85,000 containers per year. The extensive and modern rail car marshalling facilities handle over 5,000 rail cars per day. These facilities offer substantial flexibility and cost savings to business, with ready access to the U.S. through three separate railway lines from Winnipeg.
- Manitoba's location on the mid-continental trade corridor provides easy trucking access to the Midwest and Great Lakes states, as well as ready access to the southern U.S. and Mexico via the U.S. interstate highway system. The Emerson-Pembina North Dakota border crossing is the second-busiest international border crossing in Western Canada. The province's strategic location has led to the establishment of 30 national and international trucking terminals in Winnipeg. Several of Canada's largest employers in the for-hire trucking industry are headquartered in Winnipeg.

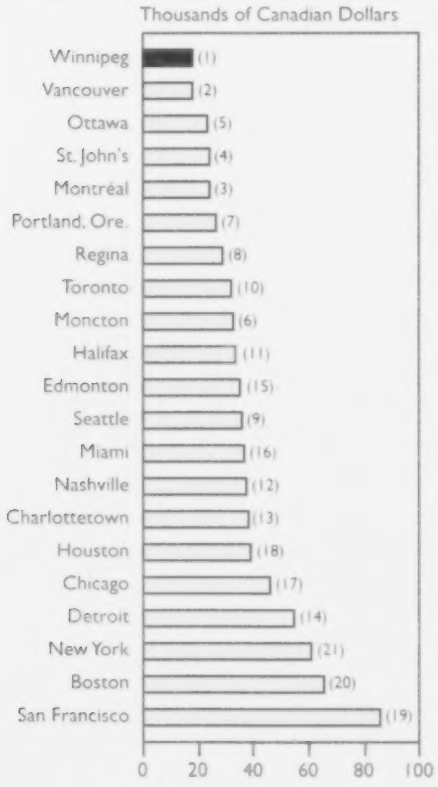
"The province's economy is closely tied to the US market, but the nature of its exports – specifically a focus on consumer staples and energy – minimizes its susceptibility to a delayed American recovery."

CIBC World Markets
March 2003

Monthly Industrial Electric Bills

Medium-sized Commercial/ Industrial Customer

400,000 Kilowatt Hours, 2002



Ranking last year in brackets.

Source: Hydro-Quebec

- Winnipeg International Airport is one of the few major North American airports that operate 24 hours a day. The airport offers a broad range of services, including international carriers, commuter airlines, jet freight, and extensive cargo and courier facilities. It serves three million passengers and moves 100,000 tonnes of air cargo annually.
- Churchill is the only deep-water port in the Prairie region. Located on Hudson Bay, the port brings Atlantic Ocean trade to Western Canada. Improvements to the facility in 2001 now allow Churchill to accommodate Panamax class vessels with a 50,000 to 60,000 tonne capacity. The Port of Churchill offers shippers major cost advantages for ocean shipping to and from Europe, Africa and Latin America.
- Manitoba has an abundance of natural resources. The mining industry produces a diverse mix of minerals including nickel, copper, gold and tantalum. Last year, Manitoba's mineral sector output was valued at almost $1 billion. Manitoba has a large and long-established forestry industry that produces paper, newsprint and lumber. The commercial fishing industry annually produces about 12 million kilograms of whitefish, sauger, pickerel, goldeye and other species. Careful management of Manitoba's natural endowments ensures the sustainable development of these resources now and in the future.
- Manitobans enjoy advanced connectivity through comprehensive telecommunications and information infrastructure. Manitoba's direct access to the world include extensive and rapidly growing high-density broadband networks, as well as over 75,000 strand kilometres of fibre-optic cables, and 100% digital switching throughout the province.
- Research and innovation continue to play an important role in Manitoba's economic growth and diversification. The province has a strong and growing knowledge cluster in a number of fields.

but especially in life sciences. Private industry, government and post-secondary institutions support the province's growing research and development infrastructure. The provincial R&D Tax Credit also promotes research in Manitoba.

- Manitoba remains committed to providing quality public services, such as health care. There are no premiums or personal charges for health services in Manitoba for either employers or individual Manitobans. This is a major advantage over U.S. locations for both businesses and residents. In the U.S., employers may annually pay over US$5,000 per employee in health care insurance costs.

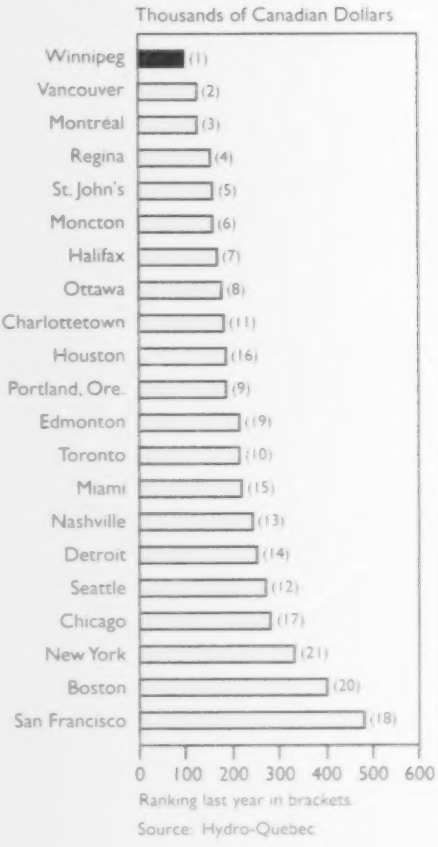
- Having the skills and knowledge to take on the challenges of the 21st century is a prerequisite for a prosperous and growing economy. Manitobans enjoy a quality public education system, including affordable, high-quality post-secondary education opportunities in several universities and colleges. Over 18,000 students attend the University of Manitoba, the largest of Manitoba's four universities, on a full-time basis, with another 14,000 attending part-time. The University offers a wide range of post-secondary and graduate programs including sciences and arts, medicine, law, architecture, engineering, and agriculture. Another 15,000 students are enrolled in full- or part-time study at Manitoba's three other universities. Higher education continues to be affordable in Manitoba, with undergraduate tuition among the most affordable in Canada. As well as university study, about 44,000 students are enrolled in full- or part-time study at Manitoba's three community colleges.

- Winnipeg is recognized as one of Canada's most family-friendly cities. Affordable living costs, good schools, excellent child-care options, and a safe environment make Manitoba a great place to raise a family.

Monthly Industrial Electric Bills

Large-sized Commercial/ Industrial Customer

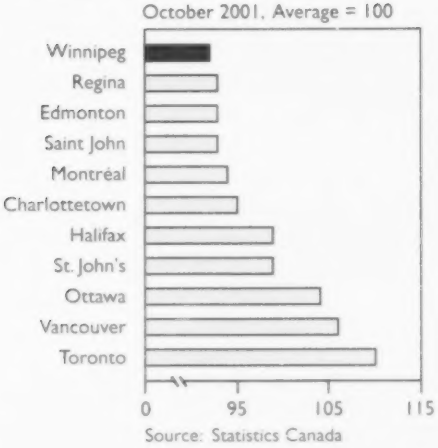
3,060,000 Kilowatt Hours, 2002



Ranking last year in brackets.

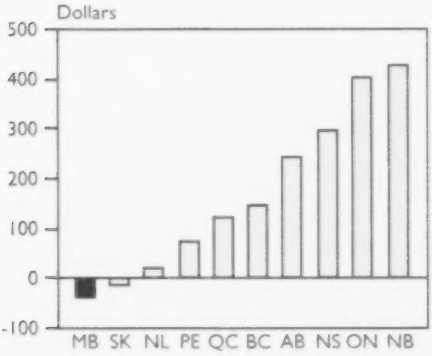
Source: Hydro-Quebec

Intercity Index of Retail Price Differential



Source: Statistics Canada

Change in Insurance Cost- 2003 vs 2002 for 2001 Ford Taurus



Source: Survey of Insurance Companies

- Manitobans care. The rate of volunteerism in the province is consistently among the highest in the nation. Moreover, Manitobans lead the country in charitable giving. This reflects Manitobans' community spirit and long tradition of helping others.
- Winnipeg has an active and vibrant artistic and cultural scene, including the Winnipeg Art Gallery, the Manitoba Museum, the Royal Winnipeg Ballet and the Winnipeg Symphony Orchestra. Several live theatre centres like the Manitoba Theatre Centre, the Warehouse Theatre and the Prairie Theatre Exchange, provide an exciting and diverse mix of live entertainment. Manitoba's diverse population has created a rich and fascinating mosaic of cultural and artistic accomplishments. For more details, see The Manitoba Arts and Culture Advantage, page 8.
- Manitoba has a long sporting tradition. There are professional sports teams in the Canadian Football League, American Hockey League and the Northern Baseball League. In the summer of 2002, the province proudly hosted the North American Indigenous Games, and hosted the World Curling Championships in April 2003.
- Golfing is one of North America's fastest-growing recreational activities. With more than 120 golf courses, Manitoba has one of the best ratios of golf courses to golfers in Canada, as well as one of the highest golfing participation rates in Canada. More than one in four Manitobans tee off in the province each year.
- Beaches, lakes and parks are integral parts of Manitoba's quality of life. Grand Beach on Lake Winnipeg is one of the best in North America. Manitoba is a province of 100,000 lakes. Lakes cover about 17% of the surface area of the province, and cottage country is never more than a short drive away. Visitors can watch the polar bear migration or view beluga whales near

Churchill, enjoy the bison at Riding Mountain National Park or enjoy the great landings of migratory ducks and geese throughout the province. Winters sparkle in Manitoba, with extensive family recreation opportunities for skiing, curling, snowmobiling and (of course) hockey! Whether you're an observer or a participant, the choices for recreation are almost endless.

Budget 2003 builds on Manitoba's considerable advantages. To show Manitoba's cost competitiveness in more detail, two Appendices are attached. The first, Manitoba's Competitive Environment for Manufacturing, provides a detailed comparison of the taxes and costs faced by representative manufacturers in various Canadian and U.S. cities (see page 11). The second is an Interprovincial Comparison of Annual Personal Costs and Taxes (see page 17).

Manitoba Credit Ratings, April 2003

	Credit Rating	Provincial Rank*
Moody's Investors Service	Aa2	2nd (tie)
Standard & Poor's	AA-	3rd (tie)
DBRS	A	4th (tie)

* 1=highest
Note 1: Moody's - Upgraded January 2003
Note 2: Standard & Poor's - Reaffirmed July 2002
Note 3: DBRS - Reaffirmed, trend upgraded to "Positive" from "Stable" in June 2002

THE MANITOBA ARTS AND CULTURE ADVANTAGE

Culture and the arts are an integral part of the Manitoba lifestyle. Our cultural scene is founded on the diverse ethnic mosaic, world-class attractions, and imagination and creativity of Manitobans. As culture is a key economic sector in its own right, and acts more generally as a catalyst for creativity and growth, the Manitoba Government plays an active role in supporting and promoting the industry.

The Manitoba Arts and Culture Scene

Manitoba has a rich cultural diversity. 21.5% of Manitoba's population is made up of visible minorities and Aboriginals, the second-highest ratio among provinces.

Aboriginal culture is an important element in Manitoba's heritage and an emerging force in comtemporary artistic expression.

Winnipeg boasts the second-largest Francophone community outside of Quebec. The province is home to the largest Icelandic settlement outside of Iceland, and to vibrant Ukrainian and Mennonite communities. This diversity is celebrated in a multitude of facilities, attractions and events, including the Mennonite Heritage Village north of Steinbach, the Winnipeg Jewish Theatre, the Centre culturel franco-manitobain in St. Boniface, and Le Cercle Molière, Canada's oldest continuously operating theatre.

Manitoba is home to many world-class cultural attractions. The Royal Winnipeg Ballet was one of the first dance companies to be established in Canada and now thrills audiences at home and around the world. The province is also home to the Winnipeg Symphony Orchestra, the Manitoba Opera and many high-calibre art galleries, museums and heritage sites. The Forks, the Winnipeg Art Gallery, the Costume Museum of Manitoba, and sites like Lower Fort Garry, are only a small sample of the hundreds of attractions in the province. The popular Manitoba Museum is a favourite for guests to the province, and has achieved the Michelin Guide Three-Star rating. The Manitoba Museum receives 400,000 visitors each year. There are also excellent venues all across the province, ranging from the Keystone Centre and the Western Centennial Auditorium in Brandon, to the Prairie Theatre Exchange, Rainbow Stage and the Manitoba Theatre Centre in Winnipeg.

Manitoba is a province of first-rate festivals that can be found year-round and in all regions of the province. Winter festivals include the 56-year-old Northern Manitoba Trappers Festival in The Pas, the Festival du Voyageur in St. Boniface, which attracted 160,000 visitors in 2002, and Brandon's Royal Manitoba Winter Fair.

Winnipeg hosts many world-class summer festivals. These include Folklorama, which attracts over 400,000 pavilion visits during its two-week run and was voted the best festival in Canada, the Winnipeg Fringe Festival, the second-largest festival of its kind in North America, with an attendance of over 137,000 and about 1,000 performances last summer, and the Winnipeg Folk Festival, which is celebrating its 30th Anniversary in 2003. Other important festivals include the

Winnipeg Jazz Festival, Canada's National Ukrainian Festival in Dauphin, and the Icelandic Festival in Gimli. Vibrant community fairs and exhibitions can be found in every corner of the province. Festivals are also geared for young people, including Freeze Frame, a film festival for children and young people, and the Winnipeg International Children's Festival, which build on first-rate children's attractions such as the Manitoba Theatre for Young People and the Manitoba Children's Museum.

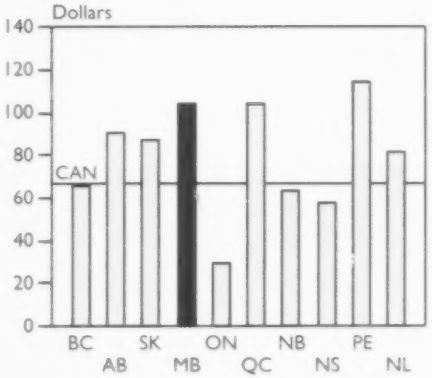
The video and film production industry is rapidly expanding in the province. Productions in Manitoba had total budgets amounting to about $80 million per year. Through the Manitoba Film and Video Production Tax Credit, direct equity financing and other programs, the Manitoba Government provided $7.1 million in direct support for this industry in 2002/2003.

■ Provincial Support for Arts and Culture

Arts and culture play a key role in enhancing our economy and economic competitiveness. There are over 14,000 arts and cultural workers in the province. Manitoba has one of the highest per capita revenue and attendance levels for arts and culture in Canada. A recent study by the Canada West Foundation, *Culture and Economic Competitiveness*, highlights the social benefits that cultural industries can provide. These include improving health and well-being, enhancing community identity and social cohesion, and facilitating community revitalization.

Overall, culture and recreation enjoy the active support of the Manitoba Government. According to Statistics Canada, the Manitoba Government directly spent $120 million on culture and recreation in 2002. At $104, Manitoba has the second-highest provincial per capita spending, and is 56% higher than the national average of $67.

Provincial Government Per Capita Expenditures on Recreation and Culture, 2002



Sources: Statistics Canada and Manitoba Finance

The Manitoba Government also contributes indirectly to many groups through tax credits on charitable donations. Total charitable donations in Manitoba, including donations to all registered charities, amounted to approximately $570 million in 2000, of which about $240 million was from individual taxpayers. Through charitable donations tax deductions, the Manitoba Government provided charitable institutions with approximately $90 million in assistance in 2000, including about $40 million in credits for individual taxpayers.

In 2001, the provincial non-refundable tax credit for charitable donations under $200 rose from 8% to 10.9%, while the credit for donations over $200 rose from 13.63% to 17.5%. For a person making a $200 charitable donation, the Manitoba tax credit rose from $16 in 2000 to $22 in 2001 – an increase of 38%. For a person making a $1,000 charitable donation, the Manitoba tax credit rose from $125 in 2000 to $162 in 2001 – an increase of almost 30%. This provincial credit is in addition to the federal non-refundable tax credit for charitable gifts.

Appendix 1: MANITOBA'S COMPETITIVE ENVIRONMENT FOR MANUFACTURING

Manufacturing is Manitoba's largest economic sector, accounting for approximately 13% of provincial GDP. In 2002, manufacturing industries accounted for two-thirds of Manitoba's total foreign merchandise exports. Approximately 70% of the province's merchandise exports to the United States are manufactured goods.

Manufacturing employed 69,000 last year, about one in eight Manitoba workers. Many more Manitobans work in industries that are dependent on manufacturing activities.

Manitoba's manufacturing sector is highly diversified, producing a broad range of industrial and consumer goods. Major manufactured goods include urban and intercity buses, aerospace equipment, chemicals and fertilizers, machinery, pharmaceuticals, processed meats, processed vegetables and grain products, furniture, apparel, newsprint, plastic products, manufactured windows and fabricated metals. Manitoba is North America's largest manufacturer of buses. Canada's largest furniture factory, owned by Palliser Furniture Ltd., is located in Manitoba. Maple Leaf Foods operates one of the world's largest and most technologically advanced meat processing plants in Brandon. Manitoba is Canada's third-largest aerospace centre, as well as the country's third-largest apparel manufacturing centre.

Manitoba's competitive and cost-effective business environment continues to attract manufacturing investment. Manufacturers are taking advantage of the province's central location and its excellent transportation links to the rest of North America. Industrial and commercial land costs are lower than in other major metropolitan centres, and Manitoba's electricity costs are among the lowest in the world. Manitoba has a skilled and well-educated work force ready to take advantage of the opportunities provided by the province's growing manufacturing sector.

Manitoba Finance's competitiveness model is used to compare the tax structure and cost environment for a representative small and larger manufacturing firm. The model is used to assess Manitoba's competitive position relative to several other North American cities.

The model simulates start-up costs, operating costs and financial and taxation profiles over a period of twenty years. It incorporates future changes in taxes that have been announced by the federal, provincial or state governments. The representative firms' profiles have been updated using the most recent data available from Statistics Canada, local economic development boards and other public information sources.

Interjurisdiction Competitiveness

The following indicators are used to assess cost and tax competitiveness for a small and a larger manufacturing firm over a 20-year period:

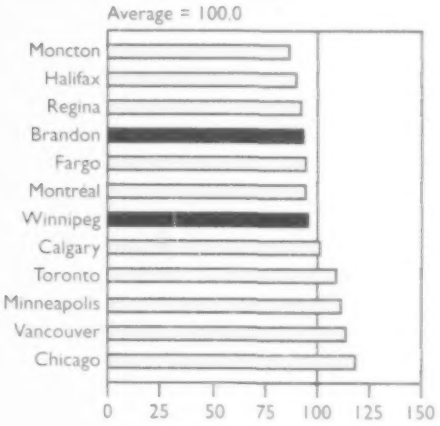
- net cost of investment, or start-up costs (including applicable taxes);
- pre-tax net income;
- effective tax rates; and
- internal rates of return.

This analysis uses a variable cost model and calculates net revenue and cash flow, including start-up costs, based on the operating costs in each location. The results for each city are compared to the overall average of all cities for each of the indicators, and are presented in the charts that follow.

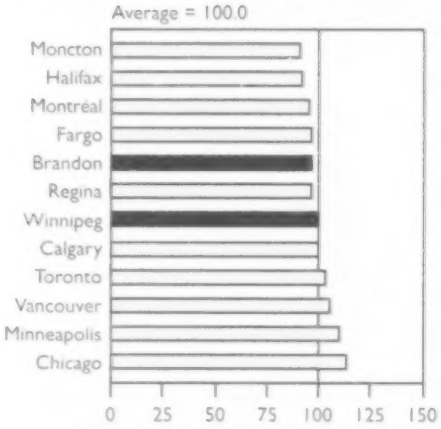
Net Cost of Investment

The costs of starting a manufacturing plant (land, buildings, and machinery and equipment) are lower in Manitoba than the average for all cities. The net cost of investment for larger metropolitan centres tends to be higher than the overall average, primarily because of the higher cost of land.

Net Cost of Investment
Small Manufacturing Firm



Net Cost of Investment
Larger Manufacturing Firm



Pre-Tax Net Income

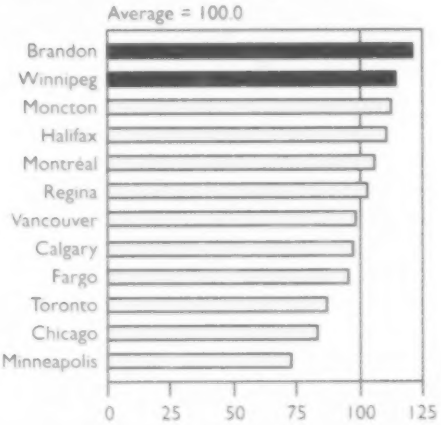
The model calculates pre-tax net income by subtracting from a common level of revenue the following location-sensitive operating costs:

- average manufacturing wages;
- local utility charges (electricity and telephone);
- interest costs; and
- capital depreciation.

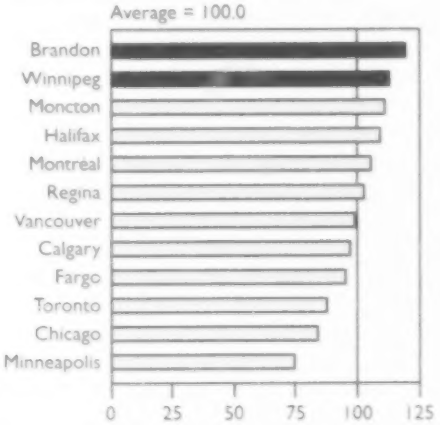
Pre-tax net income is used to compare Manitoba's cost competitiveness to the other locations. A higher pre-tax income indicates lower operating costs in a given jurisdiction. The sales figures used in the simulation model are fixed across the cities, $4 million for the small firm and $45 million for the larger firm for years five through twenty. Production material costs are expressed as a percentage of sales and are also fixed across jurisdictions.

Brandon and Winnipeg yield the highest pre-tax net income for both the small and larger manufacturing firms. A talented, well-educated and productive labour force, low utility costs and lower than average start-up costs contribute to the cost advantages of operating a manufacturing plant in Manitoba.

Pre-Tax Net Income
Small Manufacturing Firm



Pre-Tax Net Income
Larger Manufacturing Firm



Effective Tax Rates

Effective tax rates are generated by computing gross taxes as a proportion of pre-tax net income over the 20-year period.

The following operating taxes are included in the analysis:

- corporation income taxes;
- local property and business taxes;
- corporation capital and U.S. franchise taxes;
- payroll taxes;
- workers' compensation premiums;
- statutory pension and unemployment insurance premiums; and
- employer-paid health premiums.

The following tax expenditures that benefit the manufacturing sector are also taken into account:

- investment tax credits;
- tax holidays;
- accelerated capital cost allowances; and
- preferential tax rates.

Not included in the model are the enterprise zones, grants, and other forms of governmental and third-party financial assistance programs.

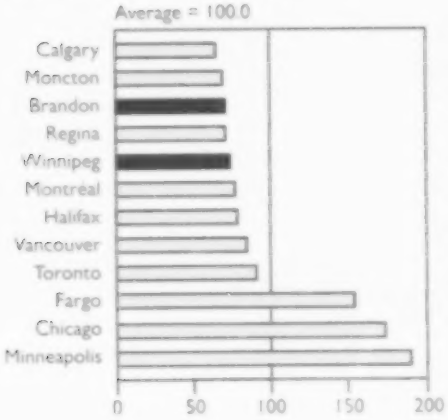
The effective tax rates in Manitoba are lower than the overall average. Among Canadian cities, Manitoba cities have lower than average effective tax rates among small manufacturing firms. They are about average for larger firms.

Overall Competitiveness

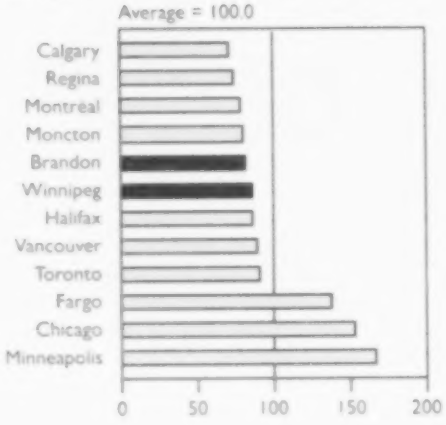
Overall competitiveness is measured by comparing internal rates of return. The internal rate of return is often used for business investment and location decision making. The following charts illustrate the combined effect of taxes and costs on the internal rates of return for the representative small and larger manufacturing corporations in the selected jurisdictions.

The internal rates of return for both Winnipeg and Brandon are better than the overall average of the cities included in the study.

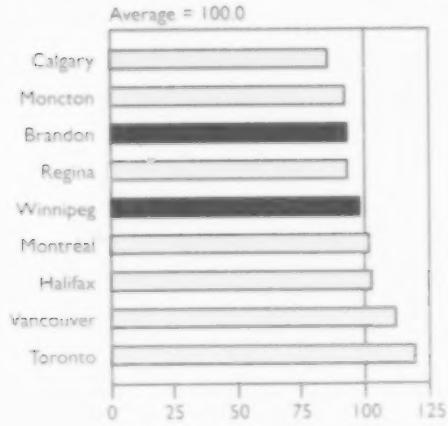
Effective Tax Rates
Small Manufacturing Firm



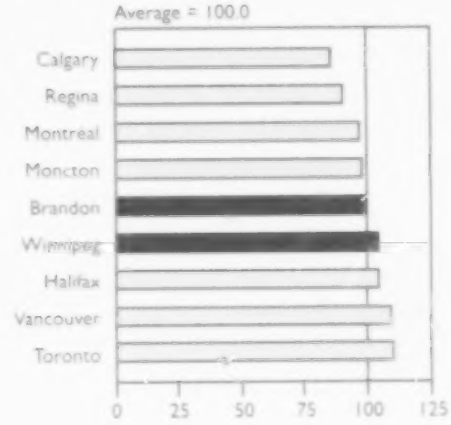
Effective Tax Rates
Larger Manufacturing Firm



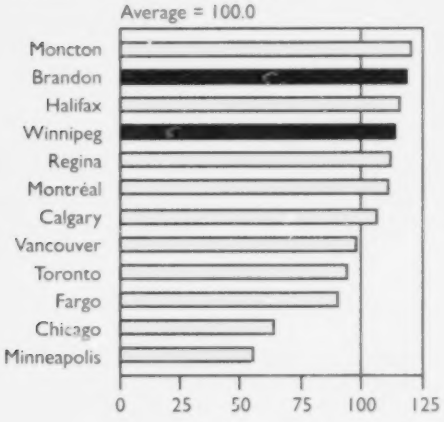
Effective Tax Rates
Small Manufacturing Firm
Canadian Cities



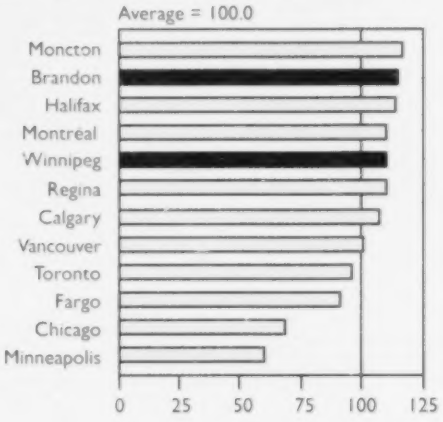
Effective Tax Rates
Larger Manufacturing Firm
Canadian Cities



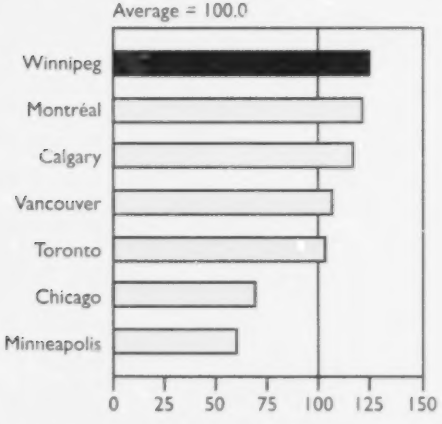
Internal Rates of Return
Small Manufacturing Firm



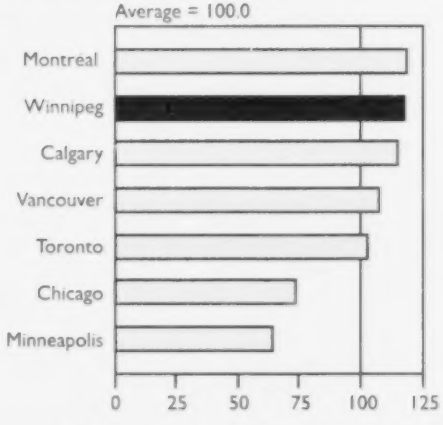
Internal Rates of Return
Larger Manufacturing Firm



Internal Rates of Return
Small Manufacturing Firm
in Cities over 500,000



Internal Rates of Return
Larger Manufacturing Firm
in Cities over 500,000



Brandon has the second-highest rate of return among all cities for both the small and larger manufacturing firms. Among cities with populations over 500,000, Montréal and Winnipeg have the highest internal rate of return for larger manufacturing firms, and Winnipeg has the highest rate of return for a small manufacturing firm.

■ Conclusion

The above results are, overall, consistent with those shown in previous Budgets. Manitoba continues to maintain a highly competitive cost and taxation environment for both small and larger firms engaged in manufacturing and processing.

Appendix 2: 2003 INTERPROVINCIAL COMPARISON OF ANNUAL PERSONAL COSTS AND TAXES

Since 1999, Manitoba's overall provincial rankings for personal costs and taxes have held steady or improved.

Across the board since 1999, Manitoba's performance has been quite strong. Manitoba's total cost advantage versus Alberta, Ontario, and Newfoundland and Labrador improved in every one of the six representative family types, while its total cost advantage versus Prince Edward Island, Nova Scotia and New Brunswick improved in five out of the six representative family types.

This year, the retail sales tax estimates have been recalculated, using revised estimates of what proportion of family expenditures are taxable in each province at each income level. As a result of the recalculation, retail sales tax estimates across Canada have decreased.

Manitoba's top marginal tax rate is still the fourth-lowest in Canada. Also, Manitoba's sales tax rate of 7% is still the second-lowest of all provinces that levy a retail sales tax.

The charts below show that Manitoba remains one of the most affordable provinces in which to live. While other provinces have experienced significant increases in heating costs, child-care fees and automobile insurance premiums, Manitoba's costs in these areas have remained stable.

The Manitoba Advantage includes moderate overall taxation levels, affordable housing, and low child care, electricity, heating and automobile insurance costs.

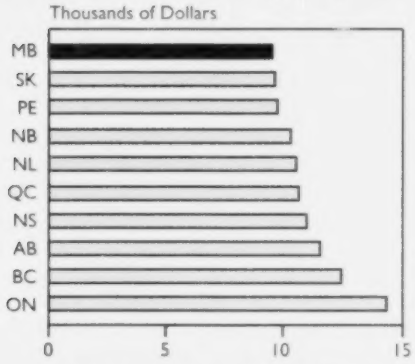
Low living costs* and personal taxes mean that Manitobans are able to enjoy a high standard of living in relation to other parts of the country. This makes Manitoba a more competitive and attractive location for both new and expanding businesses.

A superior quality of living with lower personal costs and taxes are clearly an important part of The Manitoba Advantage.

* Includes rent or mortgage costs, property taxes, public transit costs or auto insurance, child care, telephone service, electricity, and heating.

A single Manitoba taxpayer earning $30,000 pays the third-lowest provincial levies and the lowest combined taxes and living costs in the country.

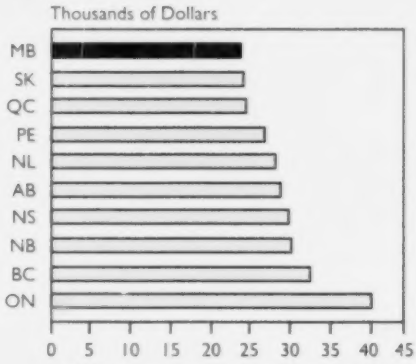
Annual Personal Costs and Taxes Single Person Earning $30,000*



*Includes income tax, retail sales tax, health premiums, rent, public transit costs, telephone service, electricity and heating.

A married couple with two dependent children earning $60,000 between them has the fifth-lowest provincial levies and the lowest combined taxes and living costs in the country.

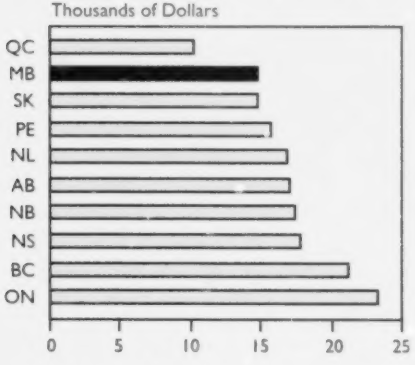
Annual Personal Costs and Taxes Two-Earner Family of Four Earning $60,000*



*Includes income tax, retail sales and gasoline taxes, health premiums, mortgage costs, child care, auto insurance, telephone service, electricity, heating and property taxes.

A single parent with one dependent child earning $30,000 has the fourth-lowest provincial levies and the second-lowest combined taxes and living costs in the country.

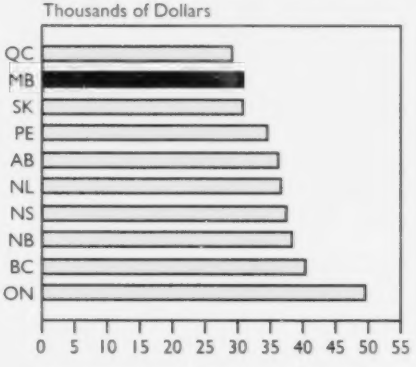
Annual Personal Costs and Taxes Single Parent Earning $30,000*



*Includes income tax, retail sales and gasoline taxes, health premiums, rent, auto insurance, telephone service, electricity, heating, child care and child benefits.

A married couple with three dependent children earning $75,000 between them has the fifth-lowest provincial levies and the second-lowest combined taxes and living costs in the country.

Annual Personal Costs and Taxes Two-Earner Family of Five Earning $75,000*

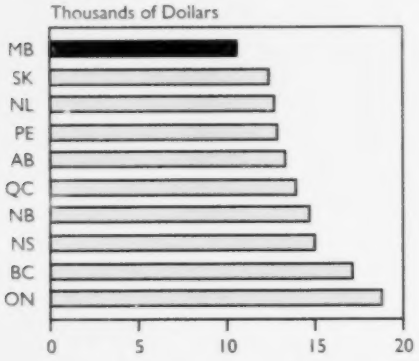


*Includes income tax, retail sales and gasoline taxes, health premiums, mortgage costs, child care, auto insurance, telephone service, electricity, heating and property taxes.

A married taxpayer earning $40,000 with a dependent spouse and two dependent children has the second-lowest provincial levies and the lowest combined taxes and living costs in the country.

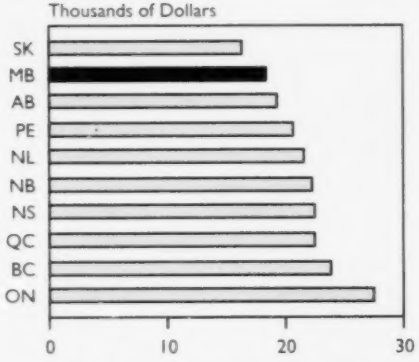
A married taxpayer earning $60,000 with a dependent spouse and two dependent children has the fifth-lowest provincial levies and the second-lowest combined taxes and living costs in the country.

Annual Personal Costs and Taxes Single-Earner Family of Four Earning $40,000*



*Includes income tax, retail sales and gasoline taxes, health premiums, child benefits, mortgage costs, auto insurance, telephone service, electricity, heating and property taxes.

Annual Personal Costs and Taxes Single-Earner Family of Four Earning $60,000*



*Includes income tax, retail sales and gasoline taxes, health premiums, mortgage costs, auto insurance, telephone service, electricity, heating and property taxes.

2003 Comparison of Annual Personal Costs and Taxes

Single Person: $30,000	BC	AB	SK	**MB**	ON
Provincial Income Tax	1,195	1,453	2,156	**1,826**	1,225
One-Time Rebate	0	0	0	**0**	0
Health Premiums	648	528	0	**0**	0
PIT and Premiums	1,843	1,981	2,156	**1,826**	1,225
Retail Sales Tax	348	0	311	**359**	425
Provincial Levies	2,191	1,981	2,468	**2,186**	1,649
Rent	8,916	7,884	5,760	**5,880**	10,692
Electricity	301	596	516	**320**	541
Public Transit	756	780	600	**785**	1,185
Telephone	329	285	264	**300**	271
Living Costs	10,302	9,545	7,140	**7,286**	12,690
Total Costs	12,493	11,526	9,607	**9,471**	14,339

Single Parent One Child: $30,000	BC	AB	SK	**MB**	ON
Provincial Income Tax	426	0	715	**264**	(219)
One-Time Rebate	0	0	0	**0**	0
Health Premiums	1,152	628	0	**0**	0
PIT and Premiums	1,578	628	715	**264**	(219)
Child Benefits	(184)	(300)	0	**0**	(1,070)
Retail Sales Tax	453	0	405	**467**	552
Gasoline Tax	410	180	300	**230**	294
Provincial Levies	2,257	508	1,419	**961**	(443)
Rent	11,448	9,648	6,972	**7,464**	12,564
Child Care	5,596	4,611	4,680	**4,680**	7,959
Electricity	388	730	635	**398**	665
Auto Insurance	1,216	1,243	860	**933**	2,169
Telephone	329	285	264	**300**	271
Living Costs	18,977	16,517	13,411	**13,775**	23,628
Total Costs	21,234	17,025	14,830	**14,736**	23,185

Sums may not add due to rounding.

QC	NB	NS	PE	NL	**Single Person: $30,000**
2,423	1,965	2,056	2,023	2,205	Provincial Income Tax
0	0	(155)	0	0	One-Time Rebate
422	0	0	0	0	Health Premiums
2,845	1,965	1,901	2,023	2,205	PIT and Premiums
526	681	664	587	711	Retail Sales Tax
3,370	2,646	2,565	2,610	2,916	Provincial Levies
6,060	6,228	6,864	5,556	6,120	Rent
356	546	517	589	515	Electricity
624	672	684	720	696	Public Transit
271	264	300	293	263	Telephone
7,311	7,710	8,365	7,159	7,594	Living Costs
10,681	10,356	10,930	9,769	10,510	Total Costs

QC	NB	NS	PE	NL	**Single Parent One Child: $30,000**
(647)	663	805	887	965	Provincial Income Tax
0	0	(155)	0	0	One-Time Rebate
422	0	0	0	0	Health Premiums
(225)	663	650	887	965	PIT and Premiums
(80)	(244)	0	0	0	Child Benefits
683	885	863	763	924	Retail Sales Tax
334	290	310	280	330	Gasoline Tax
713	1,594	1,823	1,930	2,220	Provincial Levies
6,624	7,440	8,448	6,816	7,068	Rent
1,300	5,980	5,280	5,200	5,460	Child Care
427	662	647	716	619	Electricity
832	1,380	1,270	818	1,198	Auto Insurance
271	264	300	293	263	Telephone
9,454	15,726	15,945	13,843	14,608	Living Costs
10,167	17,320	17,768	15,774	16,828	Total Costs

2003 Comparison of Annual Personal Costs and Taxes

One Earner Family of 4: $40,000	BC	AB	SK	**MB**	ON
Provincial Income Tax	1,587	1,033	1,902	**2,234**	1,609
One-Time Rebate	0	0	0	**0**	0
Health Premiums	1,296	1,056	0	**0**	0
PIT and Premiums	2,883	2,089	1,902	**2,234**	1,609
Child Benefits	0	(400)	0	**0**	0
Property Tax Credits	(470)	0	0	**(400)**	0
Retail Sales Tax	807	0	835	**921**	1,127
Gasoline Tax	410	180	300	**230**	294
Provincial Levies	3,630	1,869	3,037	**2,985**	3,029
Mortgage Costs	8,303	6,352	4,166	**3,040**	9,074
Property Taxes	1,763	1,200	2,300	**1,639**	2,000
Home Heating	927	1,098	753	**1,030**	1,146
Electricity	561	999	873	**552**	912
Auto Insurance	1,498	1,432	1,070	**1,006**	2,325
Telephone	329	285	264	**300**	271
Living Costs	13,381	11,365	9,426	**7,568**	15,728
Total Costs	17,012	13,234	12,462	**10,553**	18,757

One Earner Family of 4: $60,000	BC	AB	SK	**MB**	ON
Provincial Income Tax	3,417	3,033	4,502	**5,444**	3,451
One-Time Rebate	0	0	0	**0**	0
Health Premiums	1,296	1,056	0	**0**	0
PIT and Premiums	4,713	4,089	4,502	**5,444**	3,451
Property Tax Credits	(470)	0	0	**(400)**	0
Retail Sales Tax	1,036	0	1,069	**1,248**	1,503
Gasoline Tax	410	180	300	**230**	294
Provincial Levies	5,689	4,269	5,871	**6,522**	5,249
Mortgage Costs	12,043	8,665	4,805	**5,345**	13,610
Property Taxes	2,150	1,800	2,250	**2,998**	3,250
Home Heating	1,329	1,555	1,066	**1,485**	1,655
Electricity	734	1,267	1,112	**707**	1,158
Auto Insurance	1,498	1,432	1,070	**1,006**	2,325
Telephone	329	285	264	**300**	271
Living Costs	18,084	15,004	10,567	**11,841**	22,270
Total Costs	23,773	19,273	16,438	**18,363**	27,519

Sums may not add due to rounding.

QC	NB	NS	PE	NL	**One Earner Family of 4: $40,000**
1,091	2,632	2,885	2,690	3,110	Provincial Income Tax
0	0	(155)	0	0	One-Time Rebate
844	0	0	0	0	Health Premiums
1,935	2,632	2,730	2,690	3,110	PIT and Premiums
(160)	0	0	0	0	Child Benefits
0	0	0	0	0	Property Tax Credits
1,346	1,689	1,671	1,322	1,883	Retail Sales Tax
334	290	310	280	330	Gasoline Tax
3,456	4,611	4,711	4,292	5,323	Provincial Levies
4,747	4,537	4,991	3,547	3,210	Mortgage Costs
2,200	1,547	1,390	1,400	700	Property Taxes
1,283	1,250	1,250	1,345	1,102	Home Heating
569	896	905	970	827	Electricity
1,407	1,485	1,413	966	1,327	Auto Insurance
271	264	300	293	263	Telephone
10,477	9,979	10,249	8,522	7,430	Living Costs
13,933	14,590	14,959	12,813	12,753	Total Costs

QC	NB	NS	PE	NL	**One Earner Family of 4: $60,000**
5,197	5,596	5,889	5,475	6,357	Provincial Income Tax
0	0	(155)	0	0	One-Time Rebate
844	0	0	0	0	Health Premiums
6,041	5,596	5,734	5,475	6,357	PIT and Premiums
0	0	0	0	0	Property Tax Credits
1,887	2,437	2,168	1,851	2,460	Retail Sales Tax
334	290	310	280	330	Gasoline Tax
8,262	8,323	8,212	7,605	9,147	Provincial Levies
7,259	7,630	7,321	5,980	6,585	Mortgage Costs
2,650	1,457	2,200	2,600	1,567	Property Taxes
1,924	1,875	1,875	2,018	1,654	Home Heating
724	1,130	1,163	1,224	1,036	Electricity
1,407	1,485	1,413	966	1,327	Auto Insurance
271	264	300	293	263	Telephone
14,235	13,841	14,272	13,081	12,432	Living Costs
22,497	22,164	22,485	20,687	21,579	Total Costs

2003 Comparison of Annual Personal Costs and Taxes

Two Earner Family of 4: $60,000	BC	AB	SK	**MB**	ON
Provincial Income Tax	1,958	2,011	2,952	**3,395**	1,804
One-Time Rebate	0	0	0	**0**	0
Health Premiums	1,296	1,056	0	**0**	0
PIT and Premiums	3,254	3,067	2,952	**3,395**	1,804
Property Tax Credits	(470)	0	0	**(400)**	0
Retail Sales Tax	1,036	0	1,069	**1,248**	1,503
Gasoline Tax	615	270	450	**345**	441
Provincial Levies	4,435	3,337	4,471	**4,589**	3,748
Mortgage Costs	12,043	8,665	4,805	**5,345**	13,610
Property Taxes	2,150	1,800	2,250	**2,998**	3,250
Child Care	9,360	9,620	8,463	**6,938**	12,428
Home Heating	1,329	1,555	1,066	**1,485**	1,655
Electricity	734	1,267	1,112	**707**	1,158
Auto Insurance	2,714	2,675	1,930	**1,939**	4,494
Telephone	329	285	264	**300**	271
Living Costs	28,660	25,867	19,890	**19,712**	36,867
Total Costs	33,095	29,204	24,361	**24,300**	40,616

Two Earner Family of 5: $75,000	BC	AB	SK	**MB**	ON
Provincial Income Tax	2,718	2,885	3,891	**4,609**	2,481
One-Time Rebate	0	0	0	**0**	0
Health Premiums	1,296	1,056	0	**0**	0
PIT and Premiums	4,014	3,941	3,891	**4,609**	2,481
Property Tax Credits	(470)	0	0	**(400)**	0
Retail Sales Tax	1,294	0	1,534	**1,670**	1,782
Gasoline Tax	615	270	450	**345**	441
Provincial Levies	5,453	4,211	5,875	**6,224**	4,704
Mortgage Costs	12,043	8,665	4,805	**5,345**	13,610
Property Taxes	2,150	1,800	2,250	**2,998**	3,250
Child Care	15,740	15,640	13,383	**11,618**	20,387
Home Heating	1,329	1,555	1,066	**1,485**	1,655
Electricity	734	1,267	1,112	**707**	1,158
Auto Insurance	2,714	2,675	1,930	**1,939**	4,494
Telephone	329	285	264	**300**	271
Living Costs	35,040	31,887	24,810	**24,392**	44,826
Total Costs	40,492	36,099	30,685	**30,616**	49,530

Sums may not add due to rounding

QC	NB	NS	PE	NL	**Two Earner Family of 4: $60,000**
4,120	3,228	3,543	3,526	3,850	Provincial Income Tax
0	0	(310)	0	0	One-Time Rebate
844	0	0	0	0	Health Premiums
4,964	3,228	3,233	3,526	3,850	PIT and Premiums
0	0	0	0	0	Property Tax Credits
1,887	2,437	2,168	1,851	2,460	Retail Sales Tax
501	435	465	420	495	Gasoline Tax
7,352	6,100	5,866	5,796	6,805	Provincial Levies
7,259	7,630	7,321	5,980	6,585	Mortgage Costs
2,650	1,457	2,200	2,600	1,567	Property Taxes
2,455	9,283	8,790	7,458	8,260	Child Care
1,924	1,875	1,875	2,018	1,654	Home Heating
724	1,130	1,163	1,224	1,036	Electricity
2,239	2,865	2,683	1,784	2,525	Auto Insurance
271	264	300	293	263	Telephone
17,522	24,504	24,332	21,357	21,890	Living Costs
24,874	30,604	30,199	27,154	28,695	Total Costs

QC	NB	NS	PE	NL	**Two -Earner Family of 5: $75,000**
6,377	4,498	4,892	4,779	5,290	Provincial Income Tax
0	0	(310)	0	0	One-Time Rebate
844	0	0	0	0	Health Premiums
7,221	4,498	4,582	4,779	5,290	PIT and Premiums
0	0	0	0	0	Property Tax Credits
2,597	2,985	2,798	2,606	3,333	Retail Sales Tax
501	435	465	420	495	Gasoline Tax
10,319	7,918	7,845	7,806	9,118	Provincial Levies
7,259	7,630	7,321	5,980	6,585	Mortgage Costs
2,650	1,457	2,200	2,600	1,567	Property Taxes
3,755	15,263	14,070	12,658	13,720	Child Care
1,924	1,875	1,875	2,018	1,654	Home Heating
724	1,130	1,163	1,224	1,036	Electricity
2,239	2,865	2,683	1,784	2,525	Auto Insurance
271	264	300	293	263	Telephone
18,822	30,484	29,612	26,557	27,350	Living Costs
29,141	38,403	37,458	34,363	36,468	Total Costs

NOTES

Taxes, charges and living costs are based on information available on April 14, 2003, for the following major urban centres in each province: Vancouver, Calgary, Regina, Winnipeg, Toronto, Montréal, Fredericton, Halifax, Charlottetown and St. John's.

Provincial Income Tax is calculated for a single renter with $30,000 earned income; a single parent with one child who rents and has $30,000 in earned income; and four homeowners with $40,000, $60,000 and $75,000 of earned income, respectively. Families include either one income earner, a spouse and two dependent children (ages 3 and 7); two income earners and two dependent children (ages 3 and 7); or two income earners and three dependent children (ages 3, 5 and 7). For two-earner families, one spouse is assumed to earn 60% of the family income while the other spouse earns 40%. Personal non-refundable credits used include the CPP/QPP and EI contribution credits. For the single parent, child-care costs unique to each province have been deducted from income. For two-earner families, child-care costs have been deducted from the income of the spouse with the lower income. Gross Quebec personal income tax has been reduced by the 16.5% abatement from federal income tax. Refundable sales tax credits and provincial tax reductions have been deducted from income tax payable. Rental credits are included in income tax, but property tax credits are shown separately.

Child Benefits represent provincial programs comparable to the Canada Child Tax Benefit and include earned income supplements where applicable.

Retail Sales Tax is based upon an average expenditure basket at the selected gross income levels from the *2000 Survey of Household Expenditures* (Statistics Canada), inflated to 2003 values and adjusted for family size.

Gasoline Tax is based on annual consumption of 2,000 litres for single-vehicle families, and 3,000 litres for the two earner family at $60,000 and $75,000. This includes the 6.0 cents per litre transit levy imposed in Vancouver, and the 1.5 cents per litre levy imposed in Montréal.

Health Premiums are annual premiums for hospital insurance and medical services in provinces which levy them. As of 2003, Quebec Prescription Drug Plan Premiums are recorded in this category. In prior years, these premiums were included in Quebec's income tax total.

Mortgage Costs are based on one-half the average home prices for a standard townhouse for families with $40,000 of income, or a standard two-storey for families with $60,000 and $75,000 of income, per the Royal LePage *Fall 2002 Survey*, for a 25-year term, amortized at a five-year interest rate of 6.57%.

Property Taxes are based on the average gross property taxes for a standard townhouse for families with $40,000 of income, or a standard two-storey for families with $60,000 and $75,000 of income, per the Royal LePage *Fall 2002 Survey*.

Rent is from Canada Mortgage and Housing Corporation's *Rental Market Survey*, October 2002, and is based on average one-bedroom apartment rents for each urban centre for the single person, and average two-bedroom apartment rents for the single parent family.

Child Care is based on average fees for full-time preschool care for the three-year old and the five-year old, before- and after-school care for the seven-year old, and six weeks of summer day camp for the seven-year old. Quebec figures are based on $5 per day for day care. Average fees were based on *Early Childhood Care and Education in Canada: Provinces and Territories*, and were updated by a telephone and Internet survey of different cities.

Auto Insurance for two-parent families is based on a 2001 Taurus LX. Coverage includes $1 million third-party liability, and $200 all-perils deductible in British Columbia, Saskatchewan and Manitoba; $250 all-perils deductible in Alberta, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador; $300 all-perils deductible in Ontario. The driver is married, age 30, has been accident-free for seven or more years; the auto is driven to work (15km, one way). The two-earner families with $60,000 and $75,000 of income also insure a 1997 Chevrolet Cavalier, with identical coverage and driver risk rating as the Ford Taurus. Auto insurance for the single-parent family is based on the 1997 Chevrolet Cavalier. Rates for British Columbia, Saskatchewan and Manitoba supplied by Manitoba Public Insurance. Rates in other urban centres are the average of between 8 and 12 of the larger insurers.

Transit Fares are based on adult (single zone) monthly pass rates in effect in April 2003. The Charlottetown fare is based on adult tickets for 240 working days.

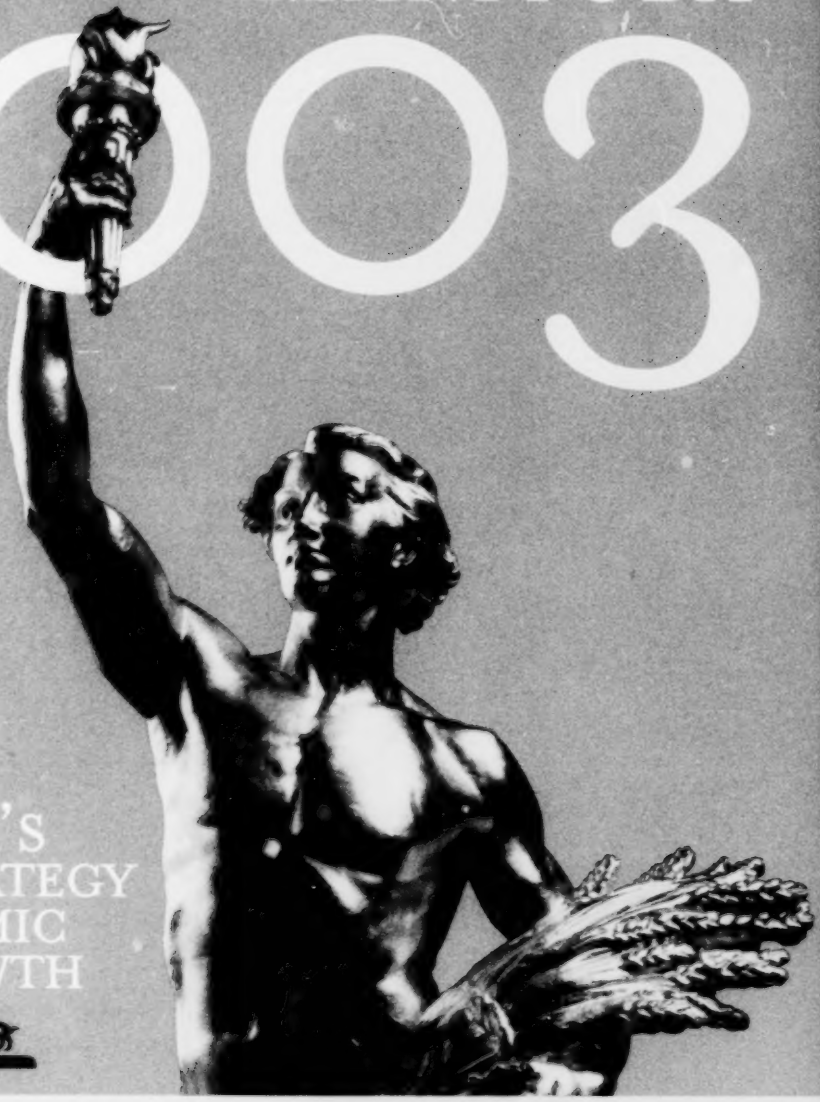
Home Heating charges are based on annual consumption of 2,300 cubic metres of natural gas for the standard townhouse, or 3,450 cubic metres of natural gas for the standard two-storey. For the Atlantic Provinces, the figures represent the BTU equivalent consumption of fuel oil.

Electricity charges are based on annual consumption of 9,000 kWh for the two-parent family at $40,000, and 12,000 kWh for the two-parent family at $60,000 and $75,000 of income; 6,000 kWh for the single-parent family; and 4,500 kWh of usage for the tenant. Rates do not include municipal taxes or charges, and are based on residential rates in effect from April 2003.

Telephone charges are the basic service rates for individual residences.

Sums may not add due to rounding.

MANITOBA 2003



MANITOBA'S ACTION STRATEGY *for* ECONOMIC GROWTH

Manitoba

BUILDING FOR THE FUTURE

MANITOBA'S ACTION STRATEGY FOR ECONOMIC GROWTH

For more information about **Manitoba's Action Strategy for Economic Growth,**
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Manitoba Finance: www.gov.mb.ca/finance

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MANITOBA'S ACTION STRATEGY FOR ECONOMIC GROWTH

Contents

Introduction 1

Input from Manitobans 1

MANITOBA'S ACTION STRATEGY 3

1. Education First 3

2. Building Through Research and Innovation 6

3. Raising and Retaining Investment 8

4. Affordable Government 10

5. Growing Through Immigration 11

6. Building On Our Energy Advantage 12

7. Building Our Communities 15

Conclusion 23

Appendix: PREMIER'S ECONOMIC ADVISORY COUNCIL
List of Members and Volunteers 24

■ Introduction

The Premier's Economic Advisory Council identified the need to build an image for Manitoba that "speaks to a future that is exciting and bold, yet achievable, believable and confident."

A successful provincial economic strategy is one that identifies opportunities, builds on our strengths, and provides each citizen with the tools to participate in, and benefit from, economic growth. A successful strategy takes into account key economic, social and environmental factors at a local, national and global level. It should look to the future, drawing on input from all sectors in Manitoba society.

Manitoba's diverse economy has realized impressive results in recent years. Last year, Manitoba's economy experienced real growth of 3.1%. Manitoba's unemployment rate for 2002 was 5.2%, the best in Canada. Manitoba's youth unemployment rate of 10.2% was also the best in Canada, well below the national rate of 13.6%.

Manitoba's job creation record has also been strong. Since 1999, a total of 24,300 new jobs have been created, an average of 8,100 new jobs per year. This is nearly three times stronger than the average performance during the 1990s, when approximately 3,000 new jobs per year were created.

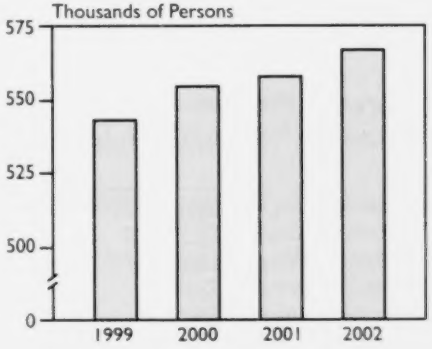
■ Input from Manitobans

In the spring of 2000, the Premier convened the Manitoba Century Summit – the first forum of its kind in over 15 years. The Summit brought together a cross section of more than 100 Manitobans to discuss strategies for expanding economic and social opportunities.

The Summit focussed on developing strategic partnerships for economic growth. The key themes

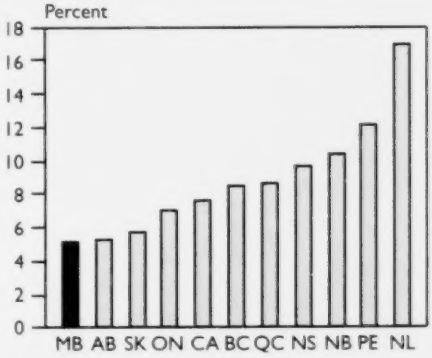
Manitoba's Action Strategy for Economic Growth looks to the future and builds on the priorities of Manitobans.

Manitoba Employment 1999 to 2002



Source: Statistics Canada

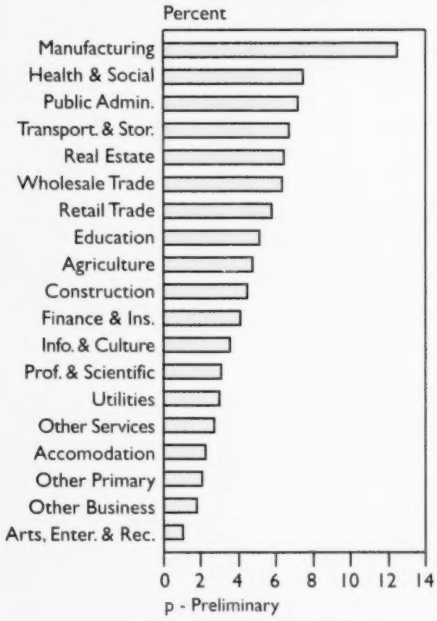
Unemployment Rate, 2002



Source: Statistics Canada

The Premier's Economic Advisory Council brings together leaders from business, labour, education and Aboriginal communities to provide economic advice to the Premier.

Shares of Manitoba Gross Domestic Product, 2002p



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Source: Manitoba Bureau of Statistics

were labour force development, attraction and retention of investment, and promoting leading edge industries in areas such as biotechnology, information technology, and advanced manufacturing.

To build on the Summit's positive momentum, the Premier invited 34 prominent Manitobans to form an advisory body to provide continuing input on economic priorities. This new organization, the Premier's Economic Advisory Council (PEAC), was launched in November 2001. PEAC is made up of business, labour, education, community and Aboriginal leaders. It is co-chaired by Paul Moist and Bob Silver.

The Premier asked the Council to build on the priorities identified at the Manitoba Century Summit, and to develop achievable, action-oriented recommendations. PEAC also engaged a number of additional Manitobans to broaden its perspective and expertise on the economy.

PEAC task groups have recommended strategies for attracting investment, expanding immigration, enhancing labour force development and retention, improving the image of our province, expanding natural resource development, and establishing a long-term vision for research and development.

PEAC's recommendations were incorporated in *Manitoba's Action Strategy for Economic Growth*, announced in the November 2002 Throne Speech. The components of this strategy are:

1. Education First
2. Building through Research and Innovation
3. Raising and Retaining Investment
4. Affordable Government
5. Growing through Immigration
6. Building on our Energy Advantage
7. Building Our Communities

Manitoba's Action Strategy

1. Education First

Educate, train and retain Manitoba workers, utilizing a variety of methods, for jobs that are specifically relevant to Manitoba's economy.

- Premier's Economic Advisory Council

Our economic strategy is based on a comprehensive education strategy. The Government is committed to investing in the education of Manitoba's work force, making education options available to citizens no matter where they live or at what stage they are in their careers. We build confidence in our community and our young people when we invest in education.

We build confidence in our community and our young people when we invest in education.

More of our youth are choosing to remain in Manitoba because of the emerging economic opportunities in our province. Our priority of building a strong education system underscores a commitment to retain our youth in Manitoba. We will work with our educators and our community and business leaders to provide the education, employment and business opportunities to retain even more of our young people in Manitoba.

Tuition reduced by 10%, post-secondary enrolments up by more than 20%

Our commitment to education begins with increased support for early childhood development and funding for public schools at the rate of economic growth. At the same time, we are using resources more efficiently and effectively, ensuring that increased funding results in improvements in the classroom.

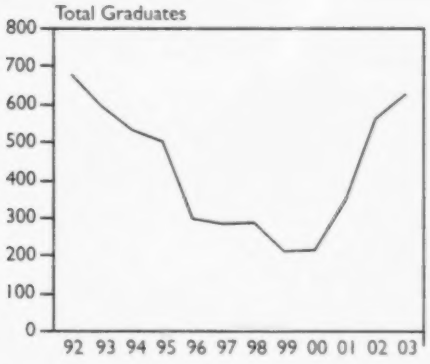
Stable, growing operating funding and $250 million in capital investment for public schools

Over the last four years, the Provincial Government has:

- introduced new early childhood development programs like Healthy Child and Baby First;
- provided stable operating funding for our public schools;
- provided $250 million in capital funding for our public schools; and

The new Red River College Princess Street Campus will bring 2,000 students to downtown Winnipeg.

Nursing Graduates



Source: Manitoba Health

- reduced the number of school divisions by one-third.

Our commitment to providing affordable post-secondary education and increasing program support has resulted in significantly increased enrolments at Manitoba colleges and universities. Enrolments at our universities have increased by more than 20% over four years. With new programs in health and aerospace, and with construction of a new Red River College Princess Street Campus, we are well on our way to doubling enrolments at our community colleges.

By graduating more post-secondary students, we are setting the stage for young Manitobans to start their careers here at home, and ensuring that our labour force develops in concert with a growing economy. More companies will relocate and grow in our province if they are confident in finding a skilled and competent work force.

The Government is:

- maintaining a 10% tuition reduction for the fourth straight year;
- allocating $16 million for bursaries, scholarships and study grants;
- providing $22 million in this year's Budget for the College Expansion Initiative, working toward the target of doubling college spaces;
- graduating three times as many nurses as in 1999 – 90% of new graduates are accepting jobs in Manitoba;
- training 15% more doctors;
- investing over $100 million in post-secondary capital renewal — University of Manitoba, University of Winnipeg, University of Brandon, Red River College, Stevenson Training Centre – levering over $100 million in contributions from the private sector; and
- establishing the University College of the North.

To address skill gaps in areas such as biotechnology and aerospace, we've designed special programs to meet industry-specific needs. For example, the biotechnology sector has grown some 40% in the past three years. Companies like Biovail Corporation have indicated they will continue to expand in our communities if we can help meet their need for skilled workers. In the aerospace sector, Manitoba has worked in partnership with industry to develop a comprehensive training model for aerospace workers. This has included the recent expansion of the Stevenson Training Centre in Winnipeg.

Manitoba is developing new industrial training partnerships to meet specific industry needs.

To improve overall training in the province we have:

- developed a Manitoba Training Strategy in consultation with employers, labour and communities, that is aligned with labour market needs and emerging opportunities;
- forged new industrial training partnerships with sectors such as aerospace and biotechnology;
- taken steps to improve the recognition of foreign credentials; and
- advanced techniques for prior learning assessment and recognition.

Manitoba's Northern Development Strategy places a high priority on providing education and training opportunities leading to employment in the North. The Manitoba Government has already committed to investing $10 million in pre-training programs to allow Northerners to benefit from the employment opportunities provided by new hydro developments. This investment is a component of a proposed $60 million Manitoba-Canada-Hydro training initiative. New education initiatives will also include enhanced Aboriginal education opportunities.

$10 million to kick-start pre-training programs for new hydro developments in the North

In conjunction with the Premier's Economic Advisory Council, the Manitoba Government is planning a fall 2003 summit to explore

Knowledge-based industries will be key to future economic growth in Manitoba.

opportunities, and to build partnerships leading to greater participation of Aboriginal people in the economy.

2. Building through Research and Innovation

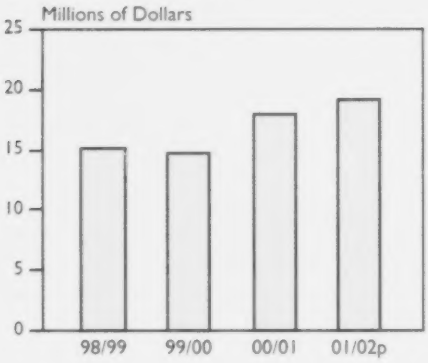
For Manitoba to compete, a significant investment is required to attract and retain highly qualified research personnel, and to support R&D.

- Premier's Economic Advisory Council

Knowledge-based industries will be at the forefront of future economic growth in Manitoba. Investments in research and innovation lead directly to productivity increases, resource conservation and new product development.

The Manitoba Government is supporting research and innovation through direct strategic investments and targeted tax credits. The Manitoba Research and Development Tax Credit currently provides a 15% tax credit for qualifying R&D expenditures. With the increases announced in this Budget, direct expenditures on R&D by the Provincial Government will exceed $20 million – approximately 50% of which will support work performed by Manitoba's institutions of higher education. The University of Manitoba is already one of Canada's major research universities, and home to more than 20 research centres. The Manitoba Government also provides $3 million in

Provincial Government Expenditure on R&D, 1998/99 - 2001/02



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Source: Statistics Canada

After-Tax Cost of $100 R&D Expenditure, 2003

	Large Corporation	Small Private Corporation
Eligible R&D expenditure	$100.00	$100.00
(less) Manitoba tax credit	15.00	15.00
(less) Federal tax credit	17.00	29.75
Deductible Amount	68.00	55.25
Tax Savings:		
Manitoba	10.88	2.76
Federal	16.40	7.25
Net after-tax cost	**40.72**	**45.24**

funding for the Health Research Initiative, as part of our efforts to assist Manitoba's health research centres to increase development activities and growth in quality jobs in our province.

Over the past three years, we have developed new alliances between Government, entrepreneurs, researchers and the investment community. As a result, we have seen a dramatic increase in activity in emerging fields. Manitoba is now home to 37 biotech companies undertaking research in areas such as health, environmental and agricultural biotechnology. These enterprises generate more than $250 million in annual revenue and employ more than 1,600 people.

Key sites for research-led development in Manitoba include the St. Boniface General Hospital Research Centre, the I. H. Asper Clinical Research Institute, the Richardson Centre for Functional Foods and Nutraceuticals, TRLabs, Portage Food Development Centre, the Prairie Agricultural Machinery Institute, the Manitoba Institute for Cell Biology at CancerCare Manitoba, the Health Sciences Centre, and the Manitoba Institute for Child Health.

Manitoba partners with the federal government on research and innovation initiatives. For example, the Manitoba Research and Innovation Fund levers matching contributions to increase the capabilities of Manitoba universities, colleges, hospitals, and the not-for-profit sector, to conduct scientific research and product development. The Manitoba Government also partners with the federal government in the Networks of Centres of Excellence program. Manitoba's objectives are to attract world-class research and development activity, researchers and scientists to Manitoba, and to generate related spin-off benefits for local companies.

Manitoba is acting on a Premier's Economic Advisory Council recommendation to provide strong support for university research activity.

Manitoba is working to attract world-class research and development activity, researchers and scientists to the province.

3. Raising and Retaining Investment

Local investing has the potential to deliver return and diversification benefits to Manitoba pension and other institutional funds.

- Premier's Economic Advisory Council

Investments in Manitoba can deliver strong returns for investors and create new growth, opportunities and jobs for the benefit of all Manitobans. Such investments support research, innovation and improvements in the productivity and competitiveness of local business.

The province's attractiveness as an investment location has aided the near-term outlook.

-CIBC World Markets March 2003

Manitoba's two labour-sponsored venture capital funds, Crocus and Ensis, with combined capital of approximately $270 million, have invested in over 80 Manitoba companies. Rapid growth in the venture capital industry has created a more promising environment for entrepreneurs, and better growth prospects for small- and medium-sized businesses.

The Premier's Economic Advisory Council has identified opportunities for greater investment in Manitoba-based businesses. The Province is working with the Premier's Economic Advisory Council to implement a new capital retention strategy for Manitoba, which will:

- promote local investment that delivers market rates of return and community economic development benefits;
- broaden understanding of successful local investment strategies; and
- explore options to pool smaller Manitoba funds to create a larger local investment portfolio.

The Manitoba Government is also encouraging PEAC's involvement in the newly established, multi-stakeholder local investment working group, which will engage pension funds and the wider investment community in discussions about local investing in Manitoba-based companies.

Manitoba is partnering with Saskatchewan and several private investors to establish the $45 million Western Life Sciences Venture Fund.

Manitoba is investing $5 million, and is working in partnership with Saskatchewan and several private

investors to establish the $45 million Western Life Sciences Venture Fund, which will bring life sciences research and new knowledge to commercial development.

Manitoba has directly supported several major investments. Following are examples of some of the projects planned or currently under way for 2003.

J.R. Simplot is investing over $150 million in the first phase of a new potato processing plant near Portage La Prairie, which will create 230 new jobs;

New Flyer Industries' new owners have invested $40 million in their Winnipeg-based bus manufacturing plant, securing the future of over 1,000 jobs.

Monarch Industries Ltd., a manufacturer of pumps, hydraulic cylinders, mixers and custom casings, is completing a $12.7 million project which will create 150 new jobs.

Construction of the $25 million **Richardson Centre for Functional Foods and Nutraceuticals** will bring together researchers from the agriculture, food sciences, human nutrition, medicine and pharmacology disciplines, along with their industry partners, to develop new products.

Construction is under way on the new $25 million **I.H. Asper Clinical Research Institute** to support cardiac and vascular research at the St. Boniface General Hospital, that will create 300 new jobs at full complement.

The new $10 million **Industrial Partnership Facility** will be built adjacent to the National Research Centre's **Institute for Biodiagnostics (IBD)** to assist start-up companies from the high-tech medical technology sector and spinoffs from the NRC.

Cormer Group Industries is completing a $12.6 million expansion to its facilities to enable the company to add leading-edge capabilities to its business of supplying precision machining services to the aerospace sector, and will eventually add 70 jobs to the current work force of over 100 people.

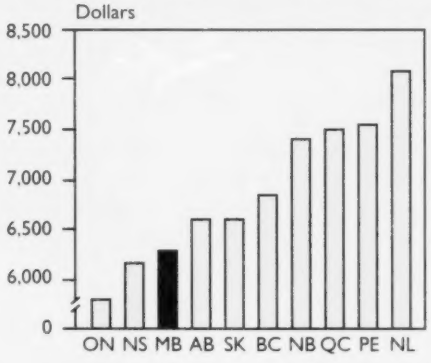
J.R. Simplot is investing $150 million in a new potato processing plant in Portage la Prairie which will create 230 new jobs.

Monarch Industries Ltd. is completing a $12.7 million project which will create 150 new jobs.

Personal income taxes reduced by 14%- saving Manitobans $220 million annually

Property tax credits increased from $250 to $400 – saving Manitoba homeowners and renters $53 million annually

Total Provincial Government Per Capita Expenditure, 2003/04



Source: 2003 Provincial Budgets and Manitoba Finance

4. Affordable Government

Affordable government requires fair and responsible taxation policy, ensuring that our debt and pension liabilities are met, and we are making the necessary investments in health, education and infrastructure. These investments form the basis for sustained economic growth, but they must be managed within a solid and transparent financial framework.

The Manitoba Government is committed to a balanced approach to finances and the economy. Not only have our four Budgets since 1999 met the requirements of balanced budget legislation, but we have strengthened that legislation to require repayment of public pension liabilities, and to prevent the sell-off of public assets.

Since 1999, we have:

- delivered four straight balanced budgets;
- devoted $384 million to paying down the debt and pension liabilities;
- reduced debt servicing costs by over $100 million per annum;
- reduced personal income taxes by 14.0% – saving Manitobans $220 million annually;
- increased property tax credits from $250 to $400 – saving Manitobans $53 million annually;
- commenced the phase-out of the Residential Education Support Levy – saving Manitobans $27.1 million annually by 2003;
- reduced small business taxes – from 8% to 5% – while increasing the threshold to $400,000 by 2005; and
- implemented the first reduction to the general corporate tax rate in more than half a century – from 17% to 15% by 2005.

Unlike other jurisdictions, we have implemented a balanced and sustainable fiscal plan without health care premiums, without stepping back from

promised tax relief, without selling off public assets, and without incurring budgetary deficits.

Instead, by taking a balanced approach to public finances, the Manitoba Government has been able to establish an environment for business to grow and succeed while improving vital public services.

Moody's Investors Service has improved Manitoba's credit rating to Aa2.

5. Growing Through Immigration

It is clear that Manitoba needs an increase in immigration to keep its population and work force in balance.

- Premier's Economic Advisory Council

Immigration has played an important role in Manitoba's economic growth. It has contributed to our province's diverse, multicultural landscape, broadened our opportunities for economic growth, and brought a unique international flavour to Manitoba communities.

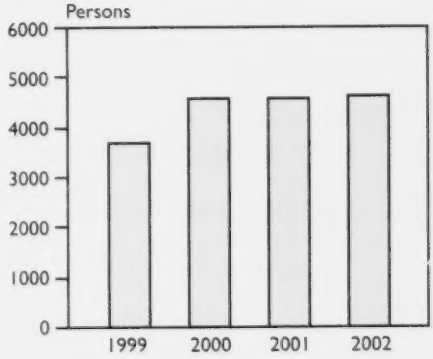
Growing through immigration is essential to meeting Manitoba's long-term labour force needs. By recruiting aggressively, the Province has increased the number of immigrants coming to the province by over 50% during the last four years, reaching a high of 4,600 new immigrants in 2002. This strong performance is the result of concerted efforts to expand Manitoba's unique Provincial Nominee Program. Immigration levels have also increased because of community/Government partnerships to sponsor refugees.

Manitoba's immigration agreement with the federal government will give the Province greater flexibility to set its own immigration targets. The federal government has promised to allow an even greater number of immigrants to come to Manitoba under the Provincial Nominee Program, as well as more refugees.

The Provincial Government is improving the process for recognizing the qualifications that many immigrants bring with them, and is strengthening language training and settlement services. Our new immigration target builds on these successes.

Manitoba's Provincial Nominee Program has been highly successful in recruiting skilled immigrants and entrepreneurs to the province.

Manitoba Immigration 1999 to 2002



Source: Statistics Canada

Manitoba has adopted the target of more than doubling immigration levels to 10,000 per year.

Manitoba is strengthening foreign qualifications recognition and settlement services for immigrants to Manitoba.

Manitoba Hydro provides Manitobans with a reliable and renewable source of hydro-electric power at the lowest rates in North America.

Consistent with the advice of the Premier's Economic Advisory Council and other stakeholders, Manitoba has adopted a strategy to more than double immigration levels to 10,000 per year. To achieve this goal the Province will:

- establish an advisory council on immigration made up of representatives of business, labour and local communities; the Immigration Council of Manitoba will assist with the recruitment and retention of new immigrants;
- continue to expand the number of Provincial Nominee immigrants;
- strengthen foreign qualifications recognition, English as a Second Language (ESL) training and settlement services; and
- improve the promotion of Manitoba as a destination of choice for immigration.

Manitoba's focus on growing through immigration will help to address skills shortages. It complements targeted efforts to retain young people and to increase the participation of Aboriginal people in the economy.

6. Building On Our Energy Advantage

Manitoba should:

Use affordable and reliable hydro-electric power to attract new enterprises to Manitoba... and grow existing Manitoba-based businesses.

Reduce its reliance on imported oil and gas, and reduce green house gas emissions through measures which could include mandating the use of ethanol-blended fuels.

- Premier's Economic Advisory Council

One of the province's key advantages is Manitoba Hydro, the publicly owned utility that provides a low-cost, reliable, and renewable source of hydro-electric power.

Throughout North America, many jurisdictions are facing rising power rates, energy shortages,

reliability problems and uncertainty with long-term power supplies. For business, these problems have a direct impact on their bottom lines and their long-term success. For consumers, these problems mean higher costs of living and uncertainty of power reliability.

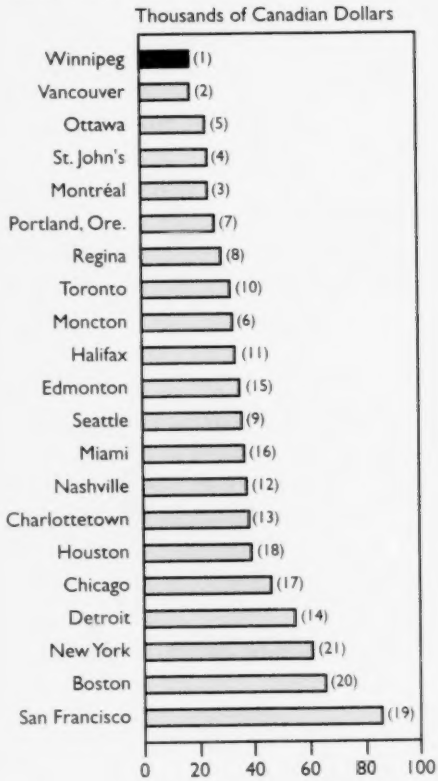
Manitoba stands apart because of the steps we have taken to promote our hydro advantage to the benefit of Manitoba businesses and consumers.

New hydro development will be central to Manitoba's plans to meet Kyoto targets, to attract new investment, and to enhance economic development opportunities in the North. The steps we have taken include:

- implementing low, equalized hydro rates for Northern and rural Manitobans, so all Manitobans pay the same low rate regardless of where they live;
- partnering with First Nations to share in the profits, training, and employment arising from the next generation of hydro developments in the North;
- merging Winnipeg Hydro with Manitoba Hydro to create a single power utility;
- adopting legislation to protect public ownership of Manitoba Hydro;
- protecting consumers through continued regulation of hydro rates;
- negotiating Manitoba Hydro's $1.7 billion export sale contract with Xcel Energy in Minnesota; and
- maintaining leadership in energy conservation among utilities in North America through programs such as PowerSmart, which continue to offer savings to consumers in energy costs.

In addition to promoting Manitoba's hydro advantage, we are working to develop a clean energy economy and address the impacts of climate change in a number of other ways. Recognizing that the

Monthly Industrial Electric Bills
Medium-sized Commercial/ Industrial Customer
400,000 Kilowatt Hours, 2002



Ranking last year in brackets.
Source: Hydro-Québec

Partnerships with Manitoba Hydro will enable First Nations to share in the profits, training, and employment arising from future hydro developments in the North.

Expanding production and use of ethanol will contribute to rural diversification, and to a cleaner environment for future generations.

impacts of climate change are already being felt, Manitoba was the first jurisdiction in Canada to assess the costs and opportunities of implementing the Kyoto accord and meeting emission reduction targets, with the release of the Report on Climate Change in 2002. To seize the many opportunities for innovation and development that the clean energy economy provides, Manitoba is:

- expanding the production and use of ethanol in Manitoba, which will contribute to rural diversification, and to a cleaner environment for future generations;
- converting a coal-fired generating station in Selkirk to natural gas, and building a new natural-gas-fired generating station in Brandon;
- developing biomass and wind power to supplement Manitoba Hydro's clean energy portfolio;
- researching hydrogen applications, drawing on a network of researchers and manufacturers at the University of Manitoba, the Pinawa AECL labs, and Winnipeg bus manufacturers;
- increasing the use of geothermal heat pumps; and
- exploring opportunities in biomaterials.

Manitoba Hydro's environmentally responsible and renewable hydro resources can meet more of North America's electrical energy needs and, in so doing, further reduce global greenhouse gas emissions. The proposed Wuskwatim and Gull (Keeyask) generating stations will significantly add to Manitoba's hydro-generating capacity. The Conawapa station would be similar in capacity to Manitoba's Limestone generating station, which is currently the largest single generating station in Manitoba.

The implementation of these new hydro development projects will require the expansion of Manitoba Hydro's power transmission infrastructure to allow for increased exports of renewable electricity to the east, west and south.

7. Building Our Communities

Manitoba should develop a long-term strategy that is based on confidence, opportunity and excitement focusing on Manitoba's unique strengths ... with everyone working together to build Manitoba.

- Premier's Economic Advisory Council

Our cities, rural Manitoba and the vast North, are each distinguished by their unique customs and traditions, their natural advantages and their opportunities for growth.

The Provincial Government is working with community leaders from all regions to identify and seize local opportunities.

In all areas of the province, cultural sites and events are a major attraction for visitors. Investments in film production and spaces for the visual and performing arts add to the vitality of our communities; they play a central role in our tourism and growth strategies. New legislation is planned to create a stand-alone agency that will promote tourism within and beyond our borders to get the positive message out about what Manitoba has to offer.

Following up on PEAC's recommendations, the Government is working with communities and the private sector – both inside and outside our province – to promote a positive image of Manitoba to investors, tourists, immigrants, and young people. The Province is establishing the Manitoba Ambassador Program, which will involve business, labour and education leaders in promoting Manitoba abroad. Manitoba Ambassadors will use their own networks, expertise and participation in trade missions to raise the profile of trade, investment and tourism opportunities in Manitoba.

Each region of Manitoba has a unique set of growth opportunities and investment needs.

Manitoba is establishing a new stand-alone agency to promote tourism in Manitoba.

New programs will be introduced this year to assist rural and northern festivals, recognized as signature events in their communities, and to support the enhancement of community gathering places. The recent boom in eco-tourism is also a perfect fit with Manitoba's spectacular mix of pristine wilderness areas found in the North. New partnerships are being forged with First Nations to develop and promote eco-tourism, and to improve the airstrips and roads that serve as infrastructure for the tourism sector.

The Northern Development Strategy focusses on economic development, health care, transportation, housing, and education to enable northern residents to take full advantage of opportunities in the North.

Northern Manitoba

For generations, Manitobans have looked north and recognized the many possibilities and opportunities. Northern Manitoba is rich in natural resources, with the potential for significant development in sectors like eco-tourism, mining, forestry, and fishing. Northern Manitoba has all the pieces in place for strong growth in the future.

At the same time, we are aware of the challenges faced by northern Manitobans: climate change has limited access to winter roads; major investments are required in transportation infrastructure after years of neglect during the 1990s; health services must be delivered closer to home for patients; and citizens must have better access to training and educational resources.

It is our goal to develop the human and natural resources in the North. In 2001, the Province of Manitoba launched the Northern Development Strategy (NDS) to ensure northern residents could take full advantage of the opportunities available in the region. Like the Premier's Economic Advisory Council, the NDS was developed in consultation with northern mayors and chiefs, elders, Chambers of Commerce and community leaders. The NDS focusses on economic development, health care, transportation, housing, as well as education and training.

Manitoba's investments to improve the North include the initiatives listed below.

- **Hydro Partnerships with First Nations** – Historic agreements to develop hydro resources to the mutual benefit of First Nations and Manitoba. We are partnering with the Nisichawayasihk Cree Nation (NCN) on the proposed Wuskwatim generating station. The Province will work together with this community on training, and the community will share in the profits from this 200 MW generating station.
- **Transportation Infrastructure** – The Province has channeled significant resources toward improvements in ferries, airports and winter roads.
- **University College of the North** – will demonstrate a creative new approach to skills training in the North, focussed less on bricks and mortar and more on flexible course options and close-to-home delivery.
- **Equalized hydro rates** – We have equalized rates so that all Manitobans pay the same low rate regardless of where they may live.
- **Communities Economic Development Fund** – launched the TEAM program to support micro-enterprises in the North, is now delivering REDI programs in the North, and is providing assistance to businesses affected by the softwood lumber issue.
- **New Forestry Unit** – new cross-departmental forestry unit to promote a sustainable and diversified economic strategy for Manitoba's forests, with a special focus on opportunities for Aboriginal communities.
- **Northern Forest Diversification Centre** – The Province is providing funding to the NFDC in The Pas to continue its product development and training activities, specializing in non-timber forest products.

Historic partnership agreements with First Nations to develop hydro resources

Equalization of hydro rates ensures all Manitobans pay the same low rate regardless of where they may live.

The Province is taking action to strengthen drinking water safety through improved monitoring, subsidized testing of private wells, and investment in infrastructure.

The Bridging Generations Initiative is a financial program designed to ease the transfer of family farms from one generation to the next.

Changes to farm property assessment have reduced taxes paid by farm families.

Rural

Our agricultural sector is one of the most diversified in Canada, and it remains the cornerstone of our rural economy. Manitobans know that the success of their communities is directly linked to the success of their neighbouring farm families. The Manitoba Government is making important investments in infrastructure and diversification to build rural communities.

Manitoba's investments to help sustain rural communities include the initiatives listed below.

- **Water Management and Drainage** – $10 million for drainage projects and $25 million for flood protection for rural communities
- **Drinking Water Safety** – new office of Drinking Water Quality created; and subsidized drinking water tests made available to private well owners
- **Water System Improvements** – $30 million invested in upgrading water systems over three years
- **Health Infrastructure** – major capital projects in Morden/Winkler, Swan River, Gimli and Beausejour. Expansion of rural emergency medical services, including the purchase of 70 new ambulances
- **Hydro Rate Equalization** – will save rural and northern residents $14 million annually
- **Prairie Grain Roads Program** – committed $16.4 million to improve grain transportation infrastructure
- **Bridging Generations Initiative** – a series of financial tools designed to ease the transfer of family farms from one generation to the next
- **Farm Property Assessment** – put $7 million back in the hands of farmers by reducing the portion of farm property subject to taxation. This tax break and other provincial tax

exemptions provide $150 million in annual savings for farmers

- **Emergency Assistance for Farmers** – federal-provincial emergency funding for grain and oilseed producers totalling $220 million

The Manitoba Government is also making concerted efforts to attract newcomers to rural Manitoba. The population in the Pembina Triangle has grown significantly in the past few years, as a result of progressive immigration policies, and the success of companies such as Biovail, Friesen Printers and Loewen Windows.

Manitoba's diversification strategy includes both major projects and an unprecedented level of agri-product research. Alongside traditional crops and products, the rural economy now emerging will include: fibre industries, functional foods, and alternative energies.

This strategy builds on a number of successful diversification initiatives.

- **Ethanol** – Increasing the use and production of ethanol will diversify rural economies and reduce greenhouse gas emissions. The gasohol produced at Mohawk's ethanol plant in Minnedosa yields 40% fewer greenhouse gas emissions than an equivalent amount of gasoline.
- **Simplot Potato Plant** – support for a $150 million new potato processing facility in Portage la Prairie that will employ 230 people.
- **Livestock Stewardship** – The Province is working with communities, industry and organizations through the Livestock Stewardship Initiative to enhance our livestock sector.
- **Food Development Centre** – An $11 million renovation and expansion of this unique centre for applied research and development in processing and packaging of all types of food produced in Manitoba.

Improved water management is being achieved through drainage, flood protection, and irrigation projects.

Mandated ethanol use and the development of ethanol production will increase jobs and investment in rural Manitoba.

Biovail is undertaking a $24.8 million expansion of its bio-pharmaceutical manufacturing plant in Steinbach.

Expansion of the Food Development Centre will help develop, package and process Manitoba products for world markets.

A new Urban Development Agreement for the City of Winnipeg will build on the success of earlier partnerships, such as the Core Area Initiative, and the Winnipeg Development Agreement.

- **Biovail Corporations** – $24.8 million expansion of its Steinbach-based bio-pharmaceutical manufacturing plant.
- **Rural Economic Development Initiative** – invests money in the rural economy to support economic development and diversification.
- **Enhanced Diversification Loan Guarantee** – Farmers have received $100 million over two years from the Manitoba Agricultural Credit Corporation's Enhanced Diversification Loan Guarantee Program.

Urban Communities

When we speak of revitalization in our urban centres, we refer not simply to bricks and mortar projects. Instead, our strategy seeks to improve community pride as well as property values. Manitobans have a "can do" attitude. The building cranes and earth moving equipment are back, and with them our optimism for the future.

The Provincial Government is working with the City of Winnipeg to support the urban renewal of Manitoba's capital city. Over the past year, Manitoba has enacted a new City Of Winnipeg Charter, with greater powers and flexibility for the City, including the ability to implement Canada's first tax increment financing program. Manitoba has signed a Memorandum of Understanding (MOU) with Winnipeg and Canada to negotiate a renewed Urban Development Agreement for the City of Winnipeg. This builds on the success of previous tri-level partnerships, such as the Core Area Initiative, and the Winnipeg Development Agreement. Manitoba has also worked closely with the City of Winnipeg to establish Destination Winnipeg, the City's new tourism and economic development agency.

The Province is moving forward on the following projects in urban communities.

- **Expansion of the Red River Floodway** – One of the largest capital projects in Manitoba's

history, will provide the City of Winnipeg and the capital region with greater flood protection, safeguarding families and our economy from flood devastation. This year, the Manitoba and federal governments have each committed $80 million towards the first phase of expansion. This first phase will double flood protection to the one-in-200-year level. When completed, this $660 million project will offer one-in-700-year flood protection. The project will generate hundreds of millions of dollars of economic benefits for the province and the rest of Canada.

Expansion of the Red River Floodway will provide the City of Winnipeg with one-in-700 year flood protection.

- **True North Centre** – A new sports and entertainment complex in downtown Winnipeg is currently under construction and is scheduled for completion in 2004.
- **Keystone Centre** – Brandon's entertainment and convention complex has received provincial funding for operations and capital upgrades.
- **Downtown Waterfront Renewal** – Revitalization of Waterfront Drive will bring more people downtown and encourage development in the Exchange District.
- **Red River College Princess Street Campus** – Expansion of the Red River College campus on Princess Street is near completion and will soon bring 2,000 students to downtown Winnipeg.
- **New Hydro Building** – Downtown Winnipeg will benefit from the construction of Manitoba Hydro's new 400,000 square foot head office building, bringing more than 1,500 workers downtown.
- **Millennium Library Project** – Expansion and renovation will modernize and expand this important educational and cultural facility, and add to the momentum of Winnipeg's downtown redevelopment.
- **Canadian Museum for Human Rights** – will house displays and programs focussed on the understanding and advancement of human rights, including the struggles faced by Canada's

The renewal of Downtown Winnipeg is being led through provincially supported projects such as the True North Centre, the Millennium Library, Red River College Princess Street Campus and the new Hydro head office.

Health infrastructure is being renewed through the largest ever health capital projects at the Brandon Regional Health Centre and Winnipeg's Health Sciences Centre.

Neighbourhoods Alive! supports community-based urban revitalization efforts in Winnipeg, Brandon, and Thompson.

Support for the Affordable Housing Initiative will result in 2,500 new or renovated housing units for Manitobans with low and moderate incomes.

Aboriginal people. The Museum will be located at The Forks National Historic Site.

- **Health Infrastructure** – The largest ever health capital projects are under way in Brandon and Winnipeg – Brandon Regional Health Centre and the Health Sciences Centre.

Manitoba's approach to urban revitalization is underscored by a commitment to community-driven economic development, with a focus on downtown and inner city renewal.

Manitoba's community economic development initiatives are working to build healthy and economically prosperous communities by responding to the unique social, economic and environmental needs of communities. These initiatives provide opportunities for broad community participation in defining economic development priorities. The emphasis is on building community capacity, enhancing knowledge and skills, and fostering sustainable economic development.

For example, provincial programs to support home building and renovation are already paying off by reversing a decade-long decline in property values. In three years, the sale prices of homes in Winnipeg's West End and North End neighbourhoods have increased by as much as 60%.

Manitoba is working closely with community organizations and the other levels of government on a number of community-based redevelopment initiatives.

- **Neighbourhoods Alive!** – Supports and encourages community-driven revitalization efforts in designated neighbourhoods through housing and physical improvements; employment and training; education and recreation; safety and crime prevention.
- **Affordable Housing Initiative** – Manitobans with low and moderate incomes will benefit from the creation of up to 2,500 new or renovated housing units.

- **Neighbourhood Development Assistance Program** – Supports the ongoing Community Economic Development efforts of SEED Winnipeg, the Jubilee Fund, Community Ownership Solutions, and neighbourhood renewal organizations in Winnipeg, Brandon, and Thompson.
- **Building Communities** – Provides $7 million to renew housing and neighbourhood infrastructure in Winnipeg's older areas.
- **New Community Enterprise Development Tax Credit** – This innovative new tax incentive will encourage local private investment in community-based enterprises.

Conclusion

Manitoba's Action Strategy for Economic Growth builds on the recommendations of the Premier's Economic Advisory Council, and the input of Manitobans from all sectors of society.

It is a strategy that builds for the future, so that young Manitobans will have opportunities to learn and succeed in their home province.

It is a strategy that strengthens Manitoba's economic diversity, and builds on our existing advantages, such as an educated work force, a diverse economy and an abundant source of clean hydro-electric power.

In the past four years, much has been accomplished toward reaching our economic goals, and there remains much more to do. The Manitoba Government will continue to work in partnership with business, labour, and the community, to advance the priorities set out in Manitoba's Action Strategy for Economic Growth.

Appendix:
PREMIER'S ECONOMIC ADVISORY COUNCIL

Co-Chairs:

Paul Moist	Canadian Union of Public Employees
Bob Silver	Western Glove & Winnipeg Free Press

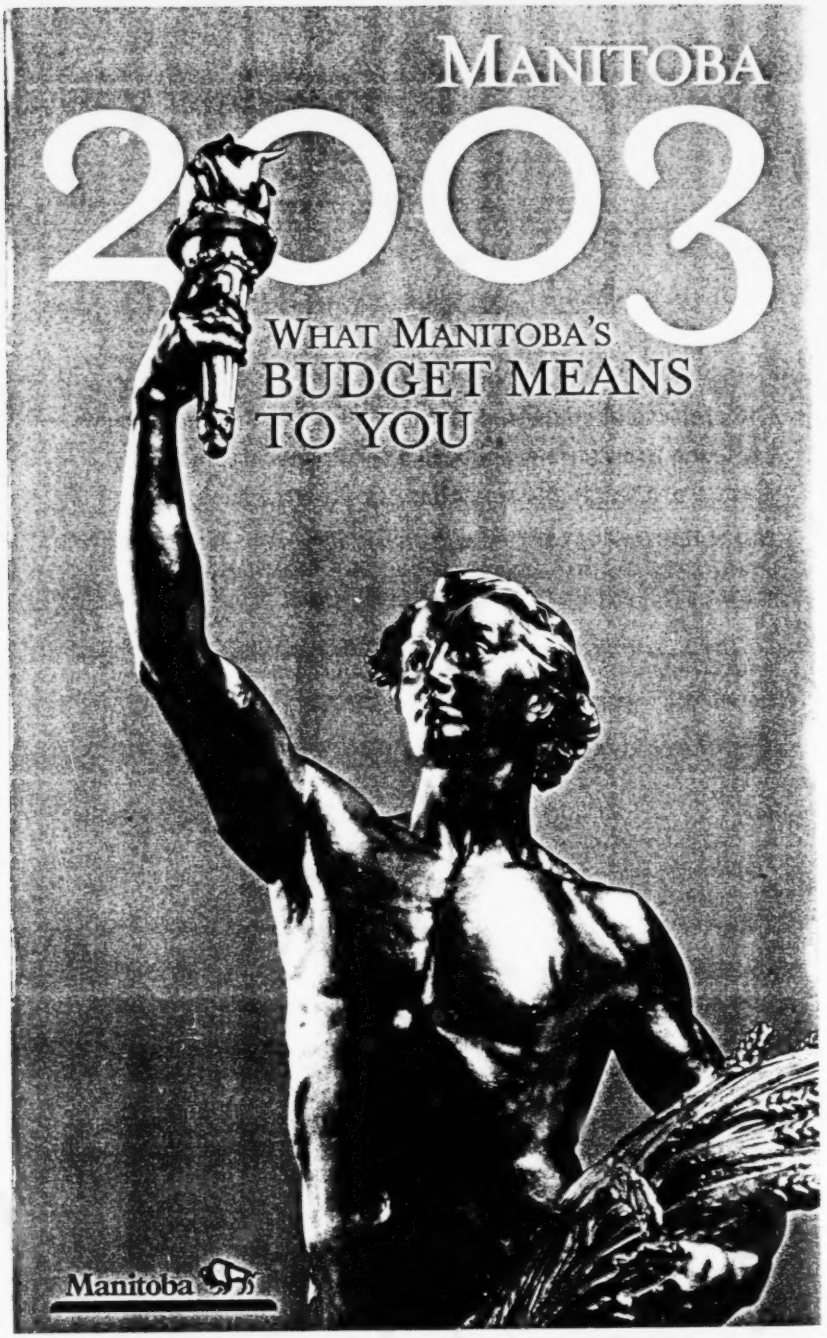
Council Members:

Costas Ataliotis	Protos International Inc.
Jim August	The Forks North Portage Partnership
Lea Baturin	Communications, Energy & Paperworkers Union
Anita Campbell	Friendship Centre – Thompson
Cecile Cassista	Canadian Auto Workers (Retired)
David Chartrand	Manitoba Métis Federation Inc.
Gerry Cianflone	Pizza Hotline
Elaine Cowan	Anokiiwin Training Institute
Marielle Decelles-Brentnall	Telecom Options Inc.
Rob Despins	Dunlop Standard Corp.
Sylvia Farley	Manitoba Federation of Labour
Bert Friesen	Genesys Venture Inc.
David Friesen	Friesens Corporation
Chris Hamblin	Canadian Grains Commission
Leonard Harapiak	Winnipeg Technical College
Gary Hopper	Mayor of the Town of The Pas
Maria Jordan	Union of Needletrades, Industrial and Textile Employees
Joanne Keselman	University of Manitoba – Research
Sherman Kreiner	Crocus Investment Fund
Chuck Loewen	Online Business Systems
Florfina Marcelino	Philippine Times
Irene Merie	Smart Centre
Reid Minish	Minish Group of Companies
Ashish Modha	Mondetta Clothing Company
Marcel Moody	Nisichawaysihk Cree
Roslyn Nugent	Bayridge Lumber & Forest Products
Peter Olfert	Manitoba Government and General Employees' Union
Manisha Pandya	Kendall Wall Pandya
Harvey Secter	University of Manitoba – Faculty of Law
Ian Smith	Institute for Bio-Diagnostics
Guy Sumida	Denturist

MANITOBA

2003

WHAT MANITOBA'S BUDGET MEANS TO YOU



Manitoba

BUILDING FOR THE FUTURE

MESSAGE FROM THE MINISTER

For the fourth year in a row, our Government has reduced taxes, balanced the budget, reduced debt, and made strategic investments in education, health care and our communities.

In Budget 2003, we are building on these significant achievements by listening to Manitobans and their priorities:

- creating hope and opportunity for young people
- continuing to improve health care
- revitalizing our communities
- modernizing the economy
- providing affordable government

Budget 2003 addresses these priorities. In these uncertain times, we are building for the future, while providing Manitobans with the opportunity for a better life today.

To find out more about Budget 2003, I encourage you to visit our Web site at www.gov.mb.ca

Greg Selinger

GREG SELINGER
Minister of Finance

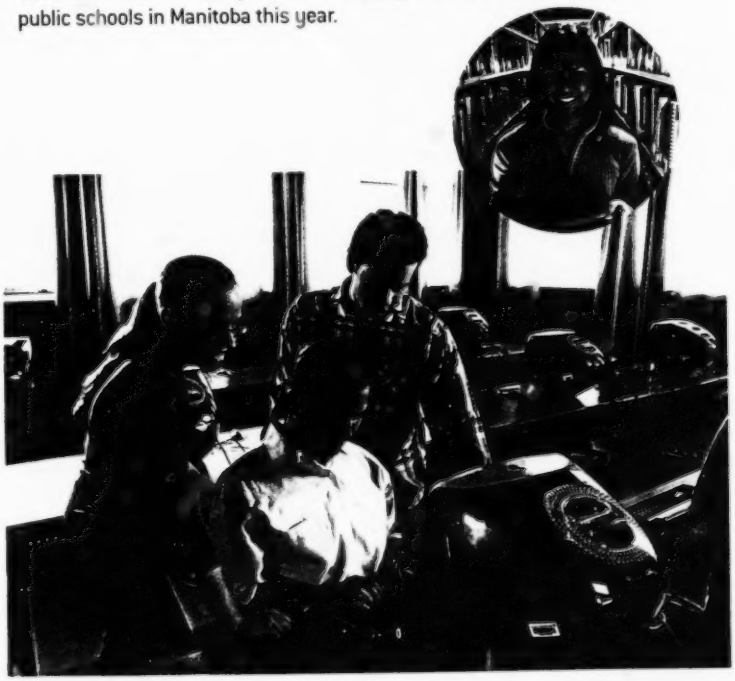
INVESTING IN OUR FUTURE

OPPORTUNITIES FOR YOUNG MANITOBANS

A strong education strategy builds a strong economy. Removing barriers and creating more learning opportunities for young Manitobans has been a priority in Manitoba's last three Budgets.

Post-secondary enrollment has increased by 22.5% since 1999, and more youth are working in Manitoba than at any time in the 1990s. Budget 2003 continues to build for the future by creating the opportunity for more students to study and stay in Manitoba.

- Budget 2003 offers a new 10% tax credit – up to $1,000 per student – to encourage employers to provide work placements for co-op education students.
- University and college tuition fees will remain 10% lower than they were in 1999.
- The interest-free period on Manitoba student loans is doubled – to one full year.
- Colleges across the province are being revitalized and are providing expanded course offerings. Budget 2003 provides funding for continued college expansion, bringing the total investment to over $22 million.
- Recognizing that strong public schools are the foundation for future success, Budget 2003 increases funding for public education by $23.8 million.
- Over $50 million will be spent on renovating and rebuilding public schools in Manitoba this year.



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Moving Ahead On Health Care

Budget 2003 commits $3 billion toward a stronger publicly funded health care system – providing more of the services you need when you need them.

- More than 1,300 additional students are currently enrolled in nursing, compared to 1999.
- Budget 2003 invests $47.1 million in new medical equipment that will reduce waiting times for tests.
- The largest health capital project in Manitoba's history will provide the Health Sciences Centre with new adult and children's emergency departments, operating rooms and intensive and coronary care units.
- Budget 2003 commits additional resources to Manitoba's nationally recognized West Nile Virus program.
- More funding is being provided for community-based programs such as home care and access centres in River East and Transcona that provide health and social services.
- Hospital expansions and major equipment purchases have been made in communities such as Brandon, Thompson, Neepawa, Beausejour, Gimli, Island Lake and Swan River.

Strengthening Families

Strong families are the foundation of Manitoba's success. Budget 2003 makes families a priority by giving them the tools they need to continue building for the future.

- Funding for child care remains a priority, increasing by $6 million this year – an overall increase of $22.3 million, or 41.5% more over the last four years.
- More resources are being dedicated to Fetal Alcohol Syndrome prevention.
- Budget 2003 increases support for children with disabilities by $2 million.
- Effective January 2004, we will fully restore the National Child Benefit to all families on social assistance.

Providing a Firm Economic Foundation

Budget 2003 balances the budget and continues to pay down the debt – keeping the long-term economic plan for Manitoba on track.

- The budget is balanced with a positive balance of $10 million.
- For the fourth year in a row, $96 million is committed to debt reduction and pension liabilities.
- We are making significant new investments in health care and education while holding overall spending to less than 5%.
- Manitoba's credit rating is higher today than 1999 – recently upgraded by Moody's Investors Service, to Aa2 based on "solid economic growth, balanced budgetary performance and a reduced debt burden."

Growing a Smart Economy

Last year, Manitoba's solid economic performance resulted in the lowest unemployment and youth unemployment rates in Canada. Manitoba is also one of only two provinces to achieve four consecutive years of private sector investment growth.

- Budget 2003 increases research and innovation grants to over $12 million for sectors such as biotechnology, food processing and information technology.
- By continuing to offer the lowest power rates in North America, Manitoba Hydro is helping to attract hi-tech businesses to our province .
- A 7.4% increase for risk management and farm support programs will assist Manitoba farmers as they diversify their operations.
- Year two of the five-year $600 million highways program will see further modernization of our transportation system.
- The 10% Mineral Exploration Tax Credit will continue to support expansion of our mining industry.

BUILDING OUR ENVIRONMENTAL FUTURE

Manitobans are ready to benefit from the global shift to more environmentally friendly energy. Investments in hydro, ethanol and energy-related technologies will create jobs, diversify rural economies and increase exports.

- Jobs and opportunities will be created for Manitobans as new generating stations are developed in Northern Manitoba to meet international demands for clean power.
- The ethanol initiative boosts the environment and our rural economy by encouraging an increase in the production and use of ethanol.
- A new provincial park will be established – adding to three others created since 1999 along with over 20 protected areas and other initiatives that preserve wild spaces for future generations.
- Budget 2003 supports an expansion of Northern Forest Diversification Centre projects that help Northerners tap into international markets for non-timber forest products.
- The creation of more cottage lots and campsites will allow more Manitobans to enjoy our natural environment.
- Manufacturers will now receive a credit for energy-efficient equipment purchases.

SUPPORTING STRONG AND VIBRANT COMMUNITIES

Projects such as Red River College's downtown campus and Brandon's renovated and expanded Keystone Centre are helping to revitalize our communities.

Budget 2003 provides continued support for other exciting developments including the Millennium Library, Waterfront Drive in Winnipeg and the $58 million Brandon Regional Health Centre project.

- The new Floodway Authority will oversee the expansion of the Red River Floodway, providing protection against a one-in-700-year flood and creating 3,500 jobs.
- Budget 2003 supports the new $50.8 million Affordable Housing Agreement with the federal government that will create 2,500 new low-income family housing units.
- Ongoing support will allow residents of older neighbourhoods to revitalize their communities through programs like Neighbourhoods Alive! and Building Communities. Since 1999, these programs have helped housing values in older communities rise by up to 60%.
- Increased funding for Crown Attorneys and policing will further the crackdown on street gangs, organized crime and auto theft.
- Health and safety programs will help to achieve the goal of reducing workplace accidents by 25%.
- Budget 2003 supports the Bridging Generations Initiative that has already provided $14.5 million to assist farmers in passing on their farming operations to a new generation of rural Manitobans.
- The new Hometown Manitoba program will be established to support enhancements to downtown public places and building exteriors in rural and northern communities.
- Support for drainage projects is being increased by $1 million.

LOWERING TAXES FOR MANITOBANS

We have cut taxes for the fourth year in a row. The average Manitoban will see a 14% cut in Provincial Income Tax by 2004.

- The new middle income tax rate is being cut by 6%, or $40 million annually.
- The amount Manitobans pay for the Education Support Levy has been cut by 27% over the past two years.
- The maximum Education Property Tax Credit for seniors will rise from $775 to $800.
- New corporation capital tax savings will benefit growing firms.
- Budget 2003 extends the Manufacturing Investment Tax Credit for a further three years.
- Eligibility for the small business tax rate increases to $360,000.
- Personal income and property tax cuts in the last four budgets will save taxpayers $300 million annually.

WHAT THE TAX REDUCTIONS MEAN TO YOU

FAMILY OF FOUR, ONE EARNER, INCOME $60,000

2003 TAX REDUCTIONS*

Personal Income Tax decrease	$1,181
Education Property Tax Credit increase	$150
Education Support Levy decrease	$94
Total provincial tax reductions	**$1,425**

*Compared to 1999 taxes

18% saving

Look for the Personal Tax Savings Estimator on the Manitoba Budget Website: www.gov.mb.ca

Discours du Budget 2003 du Manitoba

M. Gregory F. Selinger
Ministre des Finances
Le 22 avril 2003

Ce document peut être consulté

sur Internet à l'adresse suivante :

http://www.gov.mb.ca/finance/index.fr.html

Les autres documents sur ce site comprennent :

The 2003 Manitoba Budget Papers,

Le Budget des dépenses du Manitoba de 2003,

Le Budget des recettes du Manitoba de 2003,

Les avantages du Manitoba 2003,

Quaterly Financial Report (le plus récent), et

Highlights of Manitoba's Recent Economic Performance.

Des arrangements spéciaux peuvent être pris pour obtenir des sections

de ce document dans des formats différents

destinés aux personnes atteintes d'une incapacité visuelle.

Also available in English

Imprimé sur papier recyclé

ISSN 0380-4488

LE DISCOURS DU BUDGET 2003 DU MANITOBA

TABLE DES MATIÈRES

INVESTIR DANS NOTRE JEUNESSE 1
SANTÉ : CONTINUER SUR NOTRE LANCÉE 3
REBÂTIR LE RÉGIME D'ASSURANCE-MALADIE 5
SOUTENIR LES ENFANTS ET LES FAMILLES 6
DES COMMUNAUTÉS PLUS SÛRES 7
L'ÉCONOMIE MANITOBAINE : LA FORCE DE LA DIVERSITÉ 8
AUGMENTER ET RETENIR LES CAPITAUX 8
CROÎTRE GRÂCE À L'IMMIGRATION 10
BÂTIR GRÂCE À LA RECHERCHE ET À L'INNOVATION 10
TIRER PARTI DE NOTRE ATOUT ÉNERGÉTIQUE 11
UNE POLITIQUE DE L'EAU POUR TOUTE LA PROVINCE 11
TRANSPORT 12
LES RÉGIONS RURALES DU MANITOBA 12
COMMUNAUTÉS AUTOCHTONES ET DU NORD 14
INITIATIVES URBAINES 14
CULTURE, PATRIMOINE ET TOURISME 15
GÉRANCE DE L'ENVIRONNEMENT 16
UN LIEN VERS L'AVENIR 16
NOUVELLES RÉDUCTIONS FISCALES 17
IMPÔT SUR LES BÉNÉFICES DES SOCIÉTÉS 18
UN PLAN FINANCIER RESPONSABLE 19
CONCLUSION 20

Les documents suivants sont également offerts :

THE BUDGET PAPERS (en un volume)

Budget Paper A – The Economy
Budget Paper B – Financial Review and Statistics
Budget Paper C – Financing Health Care
Budget Paper D – Taxation Adjustments

LES AVANTAGES DU MANITOBA

PLAN STRATÉGIQUE DE CROISSANCE ÉCONOMIQUE DU MANITOBA

BÂTIR L'AVENIR

Monsieur le Président, je suis fier de vous présenter le Budget 2003 du Manitoba, un budget équilibré qui prévoit une réduction des impôts, la continuation du remboursement de la dette et des investissements dans notre avenir.

En ces temps incertains, nous reconnaissons la valeur du travail d'équipe visant à bâtir les fondations d'un Manitoba plus solide et plus sûr, une province accueillante où le coût de la vie et des affaires est abordable. Il y a quatre ans, nous avons amorcé une nouvelle stratégie de croissance pour le Manitoba. Le Budget 2003 poursuit nos engagements prioritaires envers l'éducation, la prestation des soins de santé et l'innovation, qui sont les fondations d'une meilleure économie et d'un avenir plus prometteur pour la population de notre province.

Nous profitons déjà des retombées de la stabilité de notre croissance économique.

- Nous sommes l'une des deux seules provinces ayant réalisé quatre années consécutives de croissance en matière d'investissements privés, lesquels ont augmenté de 13,8 % dans notre province depuis 1999.

Nous sommes l'une des deux seules provinces ayant réalisé quatre années consécutives de croissance en matière d'investissements privés.

- Entre septembre 1999 et la fin de l'année dernière, nous avons créé en moyenne plus de 8 000 nouveaux emplois par an. Cette moyenne était de moins de 3 000 emplois par an au cours de la décennie précédente.
- La société Moody's Investors Service a récemment haussé notre cote de crédit au niveau Aa2 en raison de notre solide croissance économique, de notre performance budgétaire équilibrée et de la réduction du fardeau de notre dette.
- Au cours des quatre dernières années, notre taux de chômage, y compris chez les jeunes, est demeuré au premier ou au deuxième rang des taux les plus faibles.
- Il y a plus de jeunes qui travaillent au Manitoba aujourd'hui qu'à tout autre moment de la dernière décennie, ce qui représente un renversement de la tendance négative du taux d'emploi des jeunes amorcée en 1990.
- Le nombre de Manitobains et de Manitobaines qui reçoivent de l'aide au revenu a diminué de 8,1 % depuis 1999.
- Depuis 1999, nous avons consacré 384 millions de dollars au remboursement de la dette et des obligations découlant des régimes de retraite.
- Cette année, notre dette nette à portée générale sera à son niveau le plus bas par rapport au PIB depuis l'exercice 1982-1983, grâce à une baisse cumulative de 18 % au cours des quatre dernières années.
- Entre 1999 et 2002, nos recettes monétaires agricoles ont augmenté de 27 %, soit la meilleure performance au Canada.

J'ai le plaisir de vous rapporter que les prévisions pour la croissance manitobaine continuent d'être optimistes.

- On prévoit une croissance économique réelle de 3,2 %, pourcentage qui place le Manitoba au troisième rang des meilleures croissances au Canada.
- Le Conference Board du Canada prévoit de nouveau cette année une baisse de notre taux de chômage, qui sera le plus bas du Canada pour la deuxième année consécutive.

Monsieur le Président, nous avons bâti une base économique solide, mais il reste encore du travail à faire. Ce budget donne aux Manitobains et Manitobaines les outils dont ils ont besoin pour améliorer leur vie maintenant et forger leur parcours vers un avenir encore plus sûr.

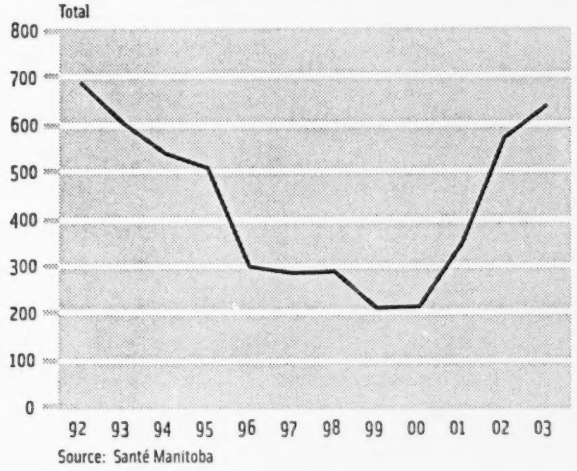
Investir dans notre jeunesse

Notre stratégie économique est, avant tout, une stratégie d'éducation. Pour réussir sur le plan économique, à la fois en tant qu'individus et en tant que province, nous avons besoin d'un système éducationnel public performant.

Il y a quatre ans, nous nous sommes engagés envers un principe : que l'enseignement collégial et universitaire soit à la portée de chaque jeune répondant aux critères d'admission.

Pour ce faire, nous avons réduit les frais de scolarité postsecondaire de premier cycle et les avons ensuite maintenus au même niveau, offert davantage d'aide financière aux étudiants, augmenté la gamme de cours offerts et revitalisé les campus.

Nombre de diplômés en sciences infirmières



Source: Santé Manitoba

Six cents étudiants en sciences infirmières recevront leur diplôme cette année; en 1999, ils n'étaient que deux cents. Davantage de personnes reçoivent une formation avancée dans le domaine de l'aérospatiale, grâce à la mise sur pied du Centre Stevenson de formation technique en aéronautique. Il y a davantage d'apprentis et un plus grand nombre d'Autochtones reçoivent maintenant une formation. Grâce à nos nouveaux investissements, il y a aujourd'hui davantage d'étudiants qui suivent davantage de cours dans un plus grand nombre d'endroits au Manitoba.

Le budget d'aujourd'hui continue à créer des possibilités pour les élèves et les jeunes du Manitoba. Le Budget 2003 :

- augmente le financement consacré à l'Initiative d'expansion des collèges à plus de 22 millions de dollars, soit 9,2 millions de dollars additionnels pour la revitalisation et l'expansion des collèges manitobains;
- prévoit le financement nécessaire pour permettre à 1 350 étudiants de s'inscrire au campus du centre-ville du collège Red River cet automne;
- augmente le financement d'immobilisations destiné aux universités de 15,4 %, un financement qui s'ajoute à notre contribution de 50 millions de dollars sur cinq ans à la campagne Building on Strengths de l'Université du Manitoba, laquelle entraînera l'apport d'une contribution de contrepartie s'élevant à plus de 100 millions de dollars en fonds privés;
- consacre des fonds à l'établissement d'un collège universitaire du Nord;
- augmente de 2,9 % les subventions globales de fonctionnement et de programmes pour les universités;
- maintient nos droits de scolarité postsecondaire parmi les droits les moins élevés du Canada.

L'augmentation des subventions de fonctionnement et de programmes, assortie de la réduction des impôts fonciers acquittés par les universités, fournit aux établissements universitaires manitobains l'équivalent d'une augmentation de quatre pour cent de leur financement.

Notre gouvernement est celui qui a investi le plus dans la modernisation de l'enseignement postsecondaire au Manitoba depuis les années soixante.

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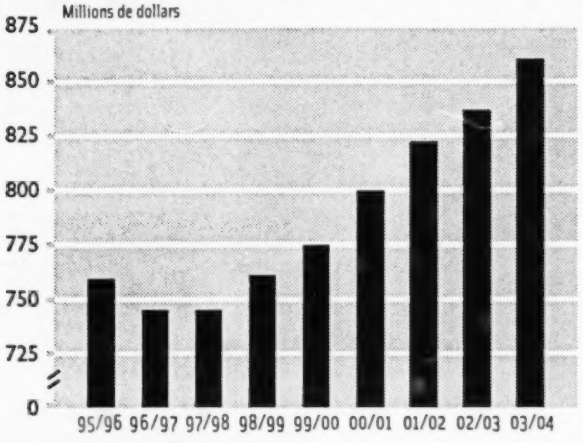
Nous sommes également en train de renforcer le système scolaire public.

- En 1999, nous avons promis d'augmenter le financement consacré aux écoles manitobaines au même rythme que la croissance économique de la province. Nous avons tenu cette promesse.
- En 1999, nous avons promis d'augmenter à 400 dollars les crédits d'impôts fonciers accordés à tous les propriétaires et locataires. Nous avons tenu cette promesse.
- En 1999, nous avons promis de commencer à éliminer la taxe résidentielle d'aide à l'éducation. Nous avons tenu cette promesse.

Au cours des trois dernières années, nous avons également consacré 200 millions de dollars à des projets d'immobilisations visant à rénover et à rebâtir nos écoles.

Le Budget 2003 prévoit encore plus d'investissements dans l'éducation.

Financement annoncé pour les écoles publiques



Source: Éducation et Jeunesse Manitoba

- Pour la quatrième année consécutive, nous avons augmenté de manière importante le financement des écoles publiques, en ajoutant 23,8 millions de dollars supplémentaires.
- Nous dépenserons plus de 50 millions de dollars pour la rénovation et la reconstruction des écoles publiques du Manitoba cette année.
- Nous créons un fonds de un million de dollars qui sera consacré à la résolution des problèmes liés à la taille et à la composition des classes.

Grâce à notre engagement envers les écoles, l'éducation et la formation professionnelle, un plus grand nombre d'opportunités se présentent aux jeunes Manitobains et Manitobaines. En même temps, les propriétaires voient finalement leurs impôts fonciers diminuer après une décennie d'augmentations constantes.

Santé : continuer sur notre lancée

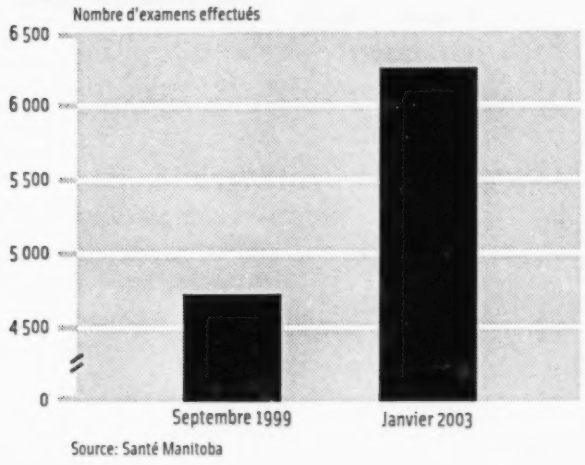
Reconstruire le système de soins de santé public demeure la plus grande priorité de notre gouvernement. En 1999, les Manitobains et Manitobaines ont vu leurs soins de santé menacés sur trois fronts : il y avait trop peu d'infirmières, de médecins et d'autres professionnels de la santé en formation pour répondre aux besoins de santé de la communauté; des projets d'immobilisations et d'équipement programmés avaient été repoussés, annoncés de nouveau, puis de nouveau repoussés; et les importantes augmentations de salaires qui avaient été négociées ne reposaient sur aucune provision budgétaire. Il en a résulté des lacunes importantes au niveau des services, l'adoption de la médecine de couloir comme pratique routinière et de longues périodes d'attente pour les examens et les interventions chirurgicales.

Nous avons immédiatement pris des mesures et nous voyons les résultats de ces investissements continus dans la formation dans le secteur de la santé.

Le nombre de médecins exerçant dans la province a augmenté chaque année depuis 1999, contrairement à la période précédente de déclin.

- Nous avons ajouté 500 places aux programmes de formation des technologues, des thérapeutes et du personnel aide-soignant.
- Il y a maintenant plus de 1 300 élèves de plus inscrits dans le programme de sciences infirmières grâce à l'expansion stratégique du programme mise en œuvre en 1999.
- Le nombre de médecins exerçant dans la province a augmenté chaque année depuis 1999, contrairement à la période précédente de déclin. Selon les données les plus récentes, le Manitoba compte maintenant 2 122 médecins autorisés à pratiquer, soit 85 médecins de plus qu'en 1999.
- Nous avons financé plus de 20 % de places supplémentaires dans le programme de médecine du Manitoba, et grâce aux nouveaux prêts d'encouragement, nous avons garanti qu'un plus grand nombre de médecins qui reçoivent leur diplôme au Manitoba continueront à pratiquer dans nos communautés.
- Grâce à l'expansion des services de soins de santé à domicile, à l'amélioration de la prise en charge des patients, à un nouveau programme de vaccination contre la grippe, et, par-dessus tout, au travail acharné des professionnels de la santé de première ligne, la médecine de couloir a été réduite de 80%.
- Nous avons mis en œuvre un programme de reconstruction stratégique comprenant des agrandissements hospitaliers et d'importants achats d'équipement dans des collectivités, notamment Brandon, Thompson, Neepawa, Beauséjour, Gimli, Island Lake et Swan River.

Tomodensitomètres



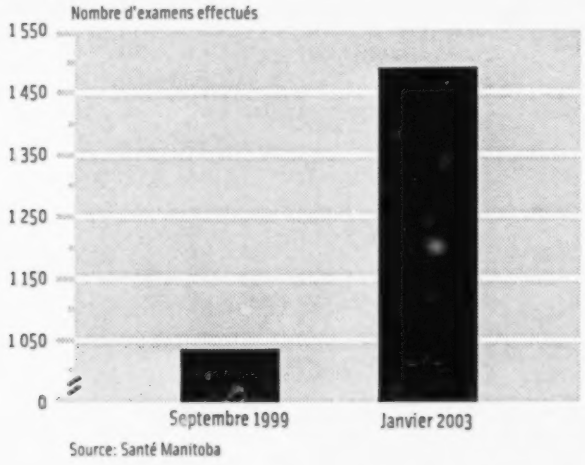
Source: Santé Manitoba

- Nous avons mis sur pied un réseau provincial de 24 sites d'accès Télésanté qui permet aux médecins de se consulter par vidéoconférence pour des diagnostics et des traitements.
- En travaillant de concert avec le personnel dévoué d'Action cancer Manitoba, nous avons réduit de moitié la période d'attente pour les traitements de radiothérapie.
- La campagne de dépistage du cancer de la prostate récemment annoncée est la première de ce genre au Canada.

En travaillant de concert avec le personnel dévoué d'Action cancer Manitoba, nous avons réduit de moitié la période d'attente pour les traitements de radiothérapie.

- Grâce à la formation et à l'embauche d'un plus grand nombre de technologues et à la prolongation des heures d'ouverture, nous avons augmenté le nombre d'examens vitaux effectués dans la province de plus de 40 %.
- Nous avons acquis cinq nouveaux tomodensitomètres et, pour la première fois, nous avons un appareil d'IRM hors de la ville de Winnipeg.

IRM



Source: Santé Manitoba

À la suite des investissements majeurs effectués dans la modernisation des installations de soins de santé :

- les Manitobains et Manitobaines bénéficient d'un meilleur accès aux chirurgies d'un jour et aux services de consultations externes, ce qui libère des lits d'hôpital;
- il y a maintenant un plus grand nombre de chirurgies effectuées dans les hôpitaux des régions rurales et du Nord.

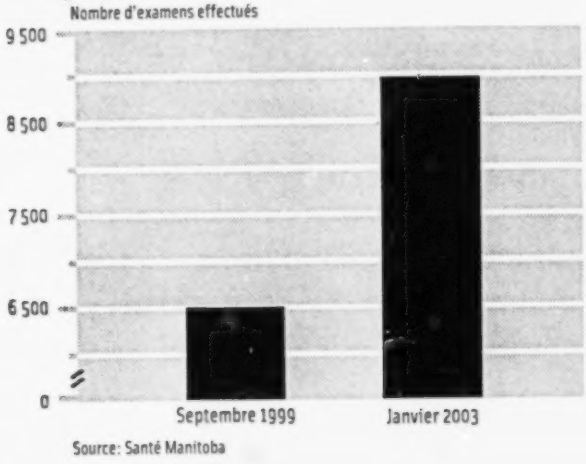
Alors même que nous procédons à ces améliorations, les professionnels de la santé de première ligne jouent eux-même un rôle clé dans la conception de nouveaux établissements de santé. Grâce aux recommandations du personnel médical du Centre régional de santé de Brandon, le réaménagement des salles d'opération a permis une augmentation importante du nombre des services médicaux d'un jour offerts aux patients.

Santé Manitoba a distribué un nouveau Guide Info santé qui permet aux Manitobains et Manitobaines de faire des choix plus éclairés en leur présentant les services de santé subventionnés auxquels ils ont droit, les endroits où ces services sont offerts et les ressources à leur disposition pour obtenir plus de renseignements.

Le Budget 2003 continue à soutenir les mesures de recrutement et de rétention des professionnels de la santé :

- en améliorant les conditions de travail grâce au fonds de sécurité et de protection du personnel infirmier;
- en consacrant des fonds additionnels au Plan de recrutement de médecins;
- en finançant le plus grand projet d'immobilisations dans le domaine de la santé de toute l'histoire du Manitoba, projet

Échographies



Source: Santé Manitoba

qui prévoit de nouveaux services d'urgence pour les adultes et les enfants, de nouvelles salles d'opération, de nouveaux services de soins intensifs et des services de soins postopératoires et de soins coronariens au Centre des sciences de la santé;

- en consacrant 47,1 millions de dollars à l'achat d'équipement médical essentiel et à la formation.

Le Budget 2003 prévoit des ressources supplémentaires pour le programme manitobain de lutte contre le virus du Nil occidental, qui est reconnu au niveau national.

Le Budget 2003 met à profit de nombreux points forts du système manitobain de soins de santé, tels les services de soins à domicile, les centres de santé communautaires et les initiatives spéciales visant à renforcer la sécurité de nos communautés. Il prévoit du financement additionnel :

- pour les services vitaux de soins à domicile;
- pour les centre d'accès communautaire qui offrent des services communautaires et de santé dans les quartiers de River East et Transcona;
- pour les Services communautaires de santé offerts suite au réaménagement de l'hôpital de Gimli et pour les traitements de dialyse plus près de chez soi offerts à Island Lake;
- pour les ressources supplémentaires nécessaires à la mise en œuvre de notre programme de lutte contre le virus du Nil occidental, qui est reconnu au niveau national;
- pour financer notre engagement de réduire le nombre d'accidents du travail de 25 %.

Au cours des dernières années, la plupart des gouvernements au Canada et aux États-Unis ont augmenté le prix du tabac. L'année dernière, la demande à l'égard des produits du tabac a diminué de 20 %, tant au Manitoba qu'au Canada. L'expérience montre que le prix des cigarettes a une influence importante sur la proportion de jeunes qui fument. À partir de minuit aujourd'hui, le taux d'imposition sur le tabac augmentera d'un cent par cigarette et passera donc à 15,5 cents la cigarette. Cette mesure permettra de recueillir sept millions de dollars par année de soutien financier additionnel pour le système de soins de santé.

Nous travaillerons avec acharnement à poursuivre nos progrès dans le domaine de la santé et à atteindre l'objectif de financement visé par le rapport Romanow.

Rebâtir le Régime d'assurance-maladie

Notre gouvernement adhère aux principes énoncés dans le rapport Romanow, lequel réclame l'augmentation des ressources fédérales allouées à la réforme des soins de santé. Le financement fédéral additionnel qui a été annoncé à la suite de la publication du rapport Romanow marque un pas dans la bonne direction. Chaque dollar de plus que le gouvernement fédéral versera au Manitoba dans le cadre de la nouvelle entente de financement sera effectivement consacré aux soins de santé. Cependant, en dépit des sommes supplémentaires accordées, la part du gouvernement fédéral dans le financement des soins de santé et autres programmes sociaux n'atteindra que 16 %. Rappelons que M. Romanow a recommandé que la participation du gouvernement fédéral atteigne 25 % du coût des soins de santé.

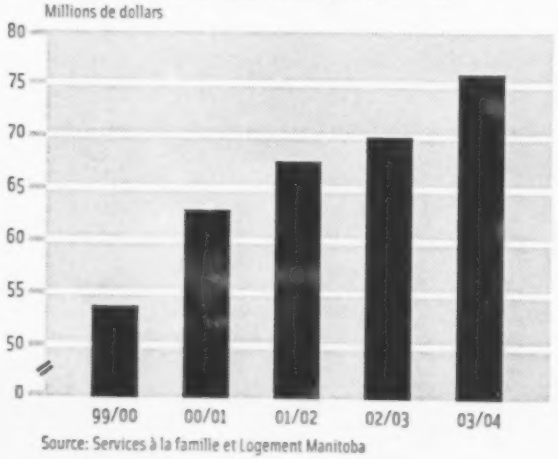
Le manque de ressources financières fédérales consacrées à la santé limitera le rythme des améliorations à apporter à notre système de soins de santé. Nous travaillerons avec acharnement à poursuivre nos progrès et à atteindre l'objectif de financement visé par le rapport Romanow.

Le prix des médicaments délivrés sur ordonnance continue d'être l'un des coûts qui augmentent le plus rapidement au sein du système de soins de santé. Les nouveaux fonds fédéraux vont nous permettre de couvrir le coût d'une plus grande variété de médicaments pour un plus grand nombre de Manitobains et Manitobaines. Toutefois, en l'absence d'un programme national d'assurance-médicaments, ces ressources ne seront pas suffisantes pour nous permettre de faire face à la montée des coûts. Les changements apportés cette année au Régime d'assurance-médicaments comprennent l'ajout de nouveaux médicaments sur la liste des médicaments couverts, comme Gleevec et Pegetron, à compter du 1er mai, et une augmentation de la franchise, à compter du 1er juillet 2003. Pour la majorité des bénéficiaires, ces changements représentent une augmentation des dépenses variant de un à cinq dollars mensuellement. Le présent budget prend en compte une augmentation projetée de 26% des coûts afférents au Régime d'assurance-médicaments cette année.

Soutenir les enfants et les familles

Les Manitobains et Manitobaines de toute la province soulignent l'importance des services de garde d'enfants. Des services de garde d'enfants de qualité contribuent au développement des jeunes enfants, aide les familles qui ont des enfants d'âge préscolaire à se trouver du travail et à conserver leur emploi. Dans une communauté comme celle de Neepawa, l'expansion des services de garde est vue comme un élément clé d'une stratégie visant à attirer et à garder les jeunes ménages.

Financement des services à l'enfance



Source: Services à la famille et Logement Manitoba

Au cours des trois dernières années, nous avons :

- ajouté 2 300 places subventionnées en garderie, soit une augmentation de 16 %;
- créé un répertoire en ligne des services de garde d'enfants dans le but d'aider les parents à trouver les places libres dont ils ont besoin.

Le Budget 2003 contribue six millions de dollars à la réalisation de notre plan de cinq ans pour des services de garde d'enfants qui soient abordables, accessibles et de grande qualité, ce qui fait passer le soutien total de la Province à 76 millions de dollars. Le financement des services de garde d'enfants a augmenté de 22,3 millions de dollars, soit une augmentation de 41,5 %, sur quatre années.

Le Budget 2003 permet la continuation des programmes vitaux de l'initiative Enfants en santé Manitoba, laquelle :

- a fourni de l'aide financière et de l'éducation nutritionnelle à 5 000 mères de famille pendant la première année de son volet Bébés en santé;
- a remis sur pied les centres de ressources parents-enfants et fait passer leur nombre à 26 dans l'ensemble de la province;
- a augmenté les ressources accordées à la Stratégie de prévention du syndrome d'alcoolisme fœtal;
- a mis en œuvre l'initiative Santé à l'école, qui offre aux écoles et aux familles la possibilité de travailler de concert avec le personnel infirmier de la santé publique à l'amélioration des résultats pour la santé.

Au total, le Budget 2003 injectera 115 millions de dollars dans le développement du jeune enfant. Avec l'appui continu du gouvernement fédéral, nous aidons les familles à répondre à leurs besoins d'aujourd'hui afin d'assurer leur réussite dans l'avenir.

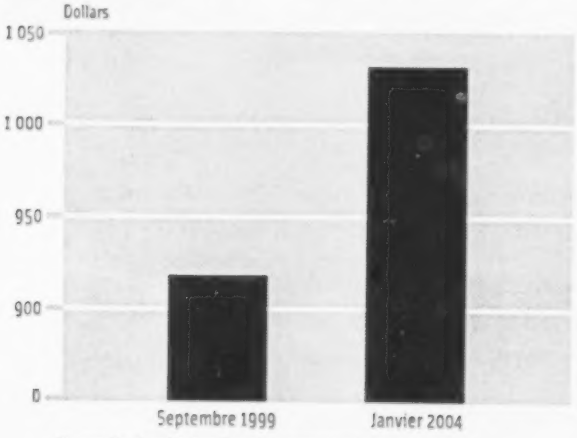
Nous avons franchi une étape historique au Manitoba et donné suite à l'une des recommandations de la Commission d'enquête sur l'administration de la justice et les Autochtones en donnant aux communautés hors-réserve des Premières nations et aux communautés Métis le pouvoir de se charger du bien-être de leurs enfants.

L'année dernière, notre gouvernement a financé un programme permanent d'analyse comportementale appliquée pour les enfants autistiques d'âge préscolaire. Le Budget 2003 double les ressources allouées à ce programme afin d'assurer la prise en charge de tous les enfants actuellement sur la liste d'attente.

En 1999, nous promettions d'éliminer graduellement la récupération fiscale de la Prestation nationale pour enfants. Le présent budget met fin à la disposition de récupération pour toutes les familles à compter du 1er janvier 2004.

L'aide à l'emploi et au revenu demeure une maille essentielle du filet de sécurité sociale du Manitoba. À partir de janvier 2004, le présent budget augmente le taux des prestations générales d'aide au revenu de 4,5 %, et augmente les prestations versées aux personnes handicapées d'un montant équivalent. Cette augmentation aidera les prestataires à payer le compte du téléphone, ce qui leur facilitera la recherche d'un emploi, leur donnera des moyens plus souples et leur permettra de conserver leur dignité.

Prestations d'aide au revenu
Familles monoparentales avec deux enfants (10 ans et 13 ans)



Source: Services à la famille et Logement Manitoba

Nous sommes également en train de modifier les règlements relatifs à l'aide au revenu afin de permettre aux personnes handicapées de créer des fonds en fiducie qu'elles pourraient utiliser pour améliorer leur qualité de vie, sans que cela entraîne une diminution de leurs prestations.

Le Budget 2003 prévoit également une augmentation de l'aide accordée aux adultes ayant une déficience mentale et aux enfants handicapés.

Des communautés plus sûres

Pour les Manitobains et Manitobaines, le bon état des logements, le dynamisme des quartiers et la sécurité des communautés constituent des questions de haute priorité. Il y a quatre ans, nous avons adopté une approche coopérative visant la revitalisation des communautés, en travaillant en partenariat avec les familles, les organismes communautaires et les autres paliers de gouvernement. À la place de programmes centralisés, nous avons mis au point une trousse de ressources communautaires dont les résidents peuvent se servir pour atteindre les buts qu'ils se sont fixés.

- Le programme Quartiers vivants va consacrer 6,7 millions de dollars pendant l'exercice 2003-2004 à la revitalisation de vieux quartiers, par l'entremise d'initiatives communautaires visant le logement, l'emploi, l'éducation et la sécurité.
- Le programme Logement et sans-abri de Winnipeg, fruit d'un partenariat de la Province avec la Ville de Winnipeg et le gouvernement fédéral, augmentera le nombre des 1 100 logements dont la rénovation ou la construction ont été approuvées construction depuis 2000.
- Le programme Renforcement des collectivités poursuivra la réalisation d'un plan de sept millions de dollars pour la remise en état des logements et de l'infrastructure dans les vieux quartiers.
- Dans plus de 20 écoles et centres communautaires du Manitoba, notre programme Lighthouses va continuer d'offrir aux jeunes un endroit sûr où jouer et étudier.

Il s'agit du plus important investissement du Manitoba en 10 ans dans le secteur du logement de qualité à prix abordable.

Cette approche commence à porter ses fruits. Depuis 1999, par exemple, la valeur des maisons dans les quartiers nord et ouest de Winnipeg a augmenté, dans certains cas jusqu'à 60 %. En travaillant avec la Ville de Winnipeg et des groupes communautaires, nous avons pu mettre fin à une décennie de déclin de la valeur du parc immobilier et même inverser la tendance; toutefois, il reste encore du travail à faire.

Le Budget 2003 poursuit sur la lancée de ces réalisations. Nous appuyons la nouvelle entente de 50,8 millions de dollars concernant le logement à prix abordable signée avec le gouvernement fédéral. Grâce à cette entente, les familles manitobaines à revenu faible ou modeste pourront bénéficier de la production d'au moins 2 500 nouveaux logements au cours des cinq prochaines années.

J'ai le plaisir d'annoncer que cette entente représente le plus important investissement du Manitoba en 10 ans dans le secteur du logement de qualité à prix abordable.

Nous prenons des mesures strictes à l'égard des personnes qui menacent la sécurité de nos quartiers. Nous offrons un niveau de soutien sans précédent aux forces de l'ordre et autres services responsables de l'application des lois dans tout le Manitoba.

- Nous accordons à la GRC un soutien lui permettant de poursuivre ses activités au Manitoba avec un effectif complet. Depuis 1999, nous avons augmenté de 13,2 millions de dollars, soit de 23,6 %, le financement accordé aux services policiers de la province.
- Nous étendons la portée de la Déclaration des droits des victimes, pour y inclure les infractions à l'égard des enfants, et nous allons nommer une personne qui assurera la coordination des services aux enfants victimes, afin que les poursuites relatives aux infractions soient plus efficaces et rapides.
- Nous nous attaquons au problème de l'intimidation des élèves par l'entremise du programme Sécurité à l'école Manitoba.
- En vertu d'une nouvelle législation, la police peut maintenant demander aux tribunaux de fermer les entreprises commerciales dont les activités servent de façade au crime organisé.
- Nous offrons un soutien accru à la Section de lutte contre le crime organisé et les délinquants à risque élevé, dont l'objectif est de mettre fin aux activités des bandes et des prédateurs sexuels.

Depuis 1999, notre gouvernement a augmenté de 58,7 % le financement accordé aux activités relatives aux poursuites judiciaires. En outre, nous facilitons l'accès aux services liés au droit de la famille, en haussant de 31 % cette année le financement accordé au Bureau du droit de la famille de la Société d'aide juridique et en offrant en région les services de deux avocats spécialisés en droit de la famille.

Le budget d'aujourd'hui prévoit également des ressources supplémentaires pour les activités policières conjointes visant à combattre le crime organisé, consacre de nouvelles ressources à la mise en œuvre des recommandations de la Commission d'enquête sur l'administration de la justice et les Autochtones, et investit aussi dans un nouveau programme de sécurité des personnes âgées à domicile.

L'économie manitobaine : la force de la diversité

Toutes ces réalisations dans les domaines de la santé, de l'éducation et du développement communautaire reposent sur une économie stable et florissante. La diversité de notre économie nous a bien servis pendant la période d'incertitude économique que nous traversons actuellement.

Notre économie a créé 9 100 emplois l'an dernier, dont 75 % dans le secteur privé.

- En 2002, le Manitoba a enregistré le taux de chômage le plus bas au Canada, y compris chez les jeunes, alors qu'un pourcentage record des Manitobains et Manitobaines faisant partie de la population active, soit 69,2 %, occupait une place productive sur le marché du travail.
- Notre économie a créé 9 100 emplois l'an dernier, dont 75 % dans le secteur privé.
- Les ventes au détail ont augmenté de 6,9 %, soit la plus grande augmentation annuelle en cinq ans.
- Le revenu personnel disponible par habitant a augmenté de 11 % au cours des trois dernières années.
- Les exportations de marchandises manitobaines vers les États-Unis ont augmenté au cours de chacune des deux dernières années, alors qu'à l'échelle nationale, les exportations vers les États-Unis ont diminué pour la même période.

Augmenter et retenir les capitaux

Les investissements au Manitoba peuvent être très rentables pour les investisseurs et profiter à toute la population manitobaine en stimulant l'économie, en offrant de nouvelles possibilités et en créant des emplois.

Parmi les investissements en immobilisations effectués récemment au Manitoba, citons :

- 150 millions de dollars investis par J.R. Simplot dans la première phase d'une nouvelle usine de transformation de pommes de terre à Portage-la-Prairie;
- 25 millions de dollars destinés à l'agrandissement des installations biopharmaceutiques de Biovail Corporation à Steinbach;

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- 13 millions de dollars investis par Monarch Industries dans la rénovation et l'agrandissement de ses installations à Winnipeg;
- 13 millions de dollars consacrés par Cormer Group Industries à l'agrandissement de l'entreprise afin d'augmenter sa prestation de services d'usinage de précision.

Le Conseil consultatif économique du premier ministre a conclu que les investissements locaux sont susceptibles d'être rentables pour les investisseurs et de procurer des avantages en termes de diversification. En collaboration avec le Conseil consultatif, nous avons créé un Conseil de l'investissement local qui mettra l'accent sur la conservation du capital afin d'encourager les investissements locaux.

La prospérité de notre économie dépend en partie de notre capacité à faire fructifier notre épargne chez nous. Nos deux fonds actuels d'investissement des travailleurs, Crocus et Ensis, se sont révélés très efficaces à cet égard. Leur capital combiné est passé de 122 millions de dollars en 1999 à presque 270 millions aujourd'hui. À eux deux, ces fonds ont investi dans plus de 80 entreprises manitobaines.

Le crédit d'impôt au développement de l'entreprise communautaire donnera aux collectivités du Manitoba des moyens supplémentaires de puiser dans l'épargne locale pour soutenir l'investissement sur place.

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Pour donner suite à une recommandation du Conseil consultatif économique du premier ministre, notre gouvernement travaille

Les sept points du Plan stratégique de croissance économique du Manitoba

En travaillant ensemble, nous bâtissons un avenir plus prometteur. Il y a trois ans, lors du Sommet manitobain du siècle, des éducateurs, des chefs de file des secteurs des affaires et du travail, ainsi que des représentants des communautés autochtones et métisses, se sont réunis pour déterminer les priorités économiques de la province. Ces priorités ont fait l'objet d'un examen par le Conseil consultatif économique du premier ministre, un organisme dont la composition reflète aussi la diversité et la force de notre province. Le rapport du Conseil consultatif économique du premier ministre constitue le fondement du Plan stratégique de croissance économique du Manitoba, qui porte sur sept points principaux.

Les sept points clés du Plan stratégique de croissance économique sont les suivants :

- L'éducation avant tout
- Bâtir au moyen de la recherche et de l'innovation
- Accroître et retenir les investissements
- Un gouvernement à la mesure de nos moyens
- Croître grâce à l'immigration
- Bâtir nos communautés
- Tirer parti de notre atout énergétique

Ces point clés sont interdépendants. La recherche et l'innovation reposent sur une main-d'œuvre éduquée. Pour attirer les investissements en capital et les immigrants, nos communautés doivent être gérées de façon efficace et efficiente. Notre atout énergétique joue un rôle important afin d'assurer que toutes les parties de la province profitent équitablement du développement économique. Ce Budget reflète les priorités du Plan stratégique et commence à mettre en pratique les recommandations du Conseil consultatif économique du premier ministre.

- 13 millions de dollars investis par Monarch Industries dans la rénovation et l'agrandissement de ses installations à Winnipeg;
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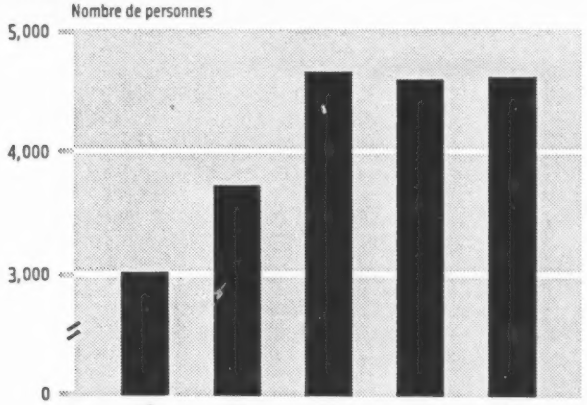
avec les communautés et le secteur privé, tant à l'intérieur qu'à l'extérieur de la province, afin de promouvoir une image positive du Manitoba auprès d'investisseurs, de vacanciers et d'immigrants potentiels.

La province instaure le programme Ambassadeurs du Manitoba, auquel participeront des chefs de file des secteurs des affaires, du travail et de l'éducation dans le but de promouvoir le Manitoba à l'étranger. Ces ambassadeurs se serviront de leurs propres réseaux de connaissances, de leur propre expertise et de leur participation à des missions commerciales pour mettre en valeur les possibilités qu'offre le Manitoba sur le plan des affaires, des investissements et du tourisme.

Croître grâce à l'immigration

Au cours des quatre dernières années, le nombre d'immigrants au Manitoba a augmenté de plus de 50 %, atteignant jusqu'à 4 600 nouveaux immigrants par an. Cette croissance de l'immigration, indispensable à notre avenir économique, démontre l'efficacité de la stratégie du Manitoba qui consiste à faire participer les employeurs, les syndicats et les groupes communautaires au recrutement des immigrants.

Immigration internationale



Source: Statistique Canada

En novembre dernier, le Manitoba a conclu une entente avec le gouvernement fédéral afin d'accroître le nombre d'immigrants qui peuvent s'installer dans la province en vertu du programme Candidats du Manitoba. De plus, une nouvelle entente conclue avec le gouvernement fédéral et la Ville de Winnipeg appuie l'augmentation du parrainage privé de réfugiés au Manitoba.

Notre but est d'attirer 10 000 nouveaux immigrants par an, soit plus du double du chiffre actuel. Le Budget 2003 contribue à la réalisation de cet objectif en finançant un nouveau Conseil de l'immigration du Manitoba. Cet organisme coordonnera l'aide à l'établissement et les possibilités d'emploi pour les nouveaux venus. De plus, en collaboration avec le gouvernement fédéral, il augmentera de plus de 718 000 $ le financement des services d'établissement des immigrants.

Bâtir grâce à la recherche et à l'innovation

La recherche et l'innovation sont indispensables à la poursuite de la croissance et à l'amélioration de notre productivité. Les investissements en recherche et développement représentent aujourd'hui 1,2 % de notre produit intérieur brut, ce qui nous place au quatrième rang des provinces dans ce domaine.

L'année dernière, nous avons créé un nouveau ministère de l'Énergie, des Sciences et de la Technologie, afin de concentrer notre action sur les secteurs du savoir et sur le développement d'une économie qui utilise l'énergie propre.

Nous collaborons avec les communautés et les entreprises du Manitoba afin de promouvoir l'usage d'Internet à des fins commerciales et éducatives.

Parmi les fonds que la Province consacre à la recherche et au développement, citons notamment :

- neuf millions de dollars pour le Centre Richardson de recherche sur les aliments fonctionnels et nutriceutiques;
- cinq millions de dollars pour l'Institut de recherche clinique I.H. Asper, à l'Hôpital général Saint-Boniface;
- huit millions de dollars pour la rénovation et l'agrandissement du Centre de développement de produits alimentaires à Portage-la-Prairie.

Le Budget 2003 poursuit sur la lancée de ces investissements :

- en augmentant le montant d'argent disponible par l'intermédiaire du Fonds de recherche et d'innovation du Manitoba;
- en appuyant une nouvelle stratégie de formation dans le domaine des biotechnologies, en collaboration avec le collège Red River et la compagnie Biovail;

- en continuant de soutenir des projets de recherche et de développement du secteur privé, au moyen du crédit d'impôt pour la recherche et le développement au Manitoba.

Nous collaborons avec les communautés et les entreprises du Manitoba afin de promouvoir l'usage d'Internet à des fins commerciales et éducatives. Le collège Red River offre un nouveau cours de commerce électronique. Et l'accès à Internet s'étend dans toute la province.

- Notre programme Connexions communautaires a créé 600 sites publics d'accès à Internet et appuyé le Churchill Community Network, le premier fournisseur d'accès à Internet appartenant à une communauté au Manitoba.
- La société Manitoba Telecom Services étend son programme d'accès à Internet, appelé Next Generation Service, à une soixantaine de collectivités du Manitoba.
- Nous avons entrepris une mise à niveau du réseau informatique provincial pour que les hôpitaux et les édifices gouvernementaux de la Province aient un meilleur accès au réseau à large bande.
- Hydro-Manitoba met son infrastructure à la disposition des collectivités qui ont besoin d'un accès à Internet.

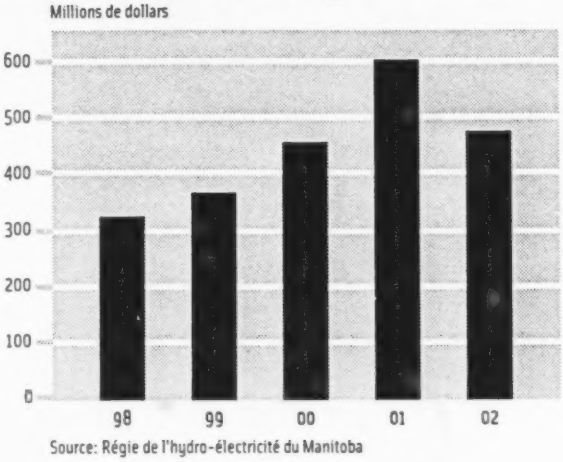
Parmi les innovations que notre gouvernement a introduites dans la prestation de ses services, mentionnons Service Manitoba, les centres de services aux entreprises et les centres de services communautaires bilingues.

Tirer parti de notre atout énergétique

Hydro-Manitoba est l'une des pierres angulaires de l'économie provinciale. L'énergie électrique peu coûteuse, renouvelable et fiable qu'elle produit constitue un avantage concurrentiel pour toutes les entreprises manitobaines. Les Manitobains et les Manitobaines bénéficient des tarifs d'électricité les plus bas en Amérique du Nord.

Les ventes à l'exportation d'Hydro-Manitoba atteignent actuellement un niveau qui n'a été dépassé qu'une seule fois dans l'histoire de cette société. Récemment, Hydro-Manitoba a renouvelé, avec la compagnie Xcel Energy du Minnesota, un contrat qui se traduira par 1,7 milliard de dollars de ventes à l'exportation. Des discussions se poursuivent avec les provinces voisines et le gouvernement fédéral afin d'agrandir notre réseau de transport de l'énergie pour augmenter les exportations.

Revenus d'exportation d'Hydro-Manitoba



Source: Régie de l'hydro-électricité du Manitoba

Hydro-Manitoba envisage de construire trois nouvelles centrales électriques dans le nord du Manitoba. Il s'agirait du plus grand projet de construction au Manitoba depuis des décennies. Il apporterait d'importants avantages économiques à long terme aux régions du Nord. Hydro-Manitoba s'efforce d'établir des ententes de partenariat avec les Premières nations pour faire en sorte que ces communautés reçoivent leur part des emplois, des possibilités de formation et des bénéfices générés par les projets d'aménagement hydroélectrique.

Notre société de service public d'hydroélectricité continuera à jouer un rôle important pour attirer des investissements au Manitoba et créer des emplois de qualité pour les jeunes Manitobains.

Une politique de l'eau pour toute la province

Nos politiques de gestion et de conservation de l'eau répondent aux préoccupations propres à chaque région du Manitoba. Parmi les priorités essentielles figurent la protection de notre eau potable, le drainage et la lutte contre les inondations.

Notre gouvernement a :

- créé un Office de l'eau potable et amélioré la surveillance de la qualité de l'eau;
- établi une subvention de 70 % pour les tests de contrôle de l'eau potable des puits privés;
- commencé à tester l'eau souterraine dans 1 000 puits en zone rurale;
- consolidé les digues circulaires dans la vallée de la rivière Rouge.

L'année dernière, nous avons consacré 10 millions de dollars à des projets de drainage dans les régions rurales du Manitoba. Le Budget 2003 prévoit une augmentation de 10 % des fonds alloués aux projets de drainage.

Depuis le mois d'avril 2001, nous avons investi plus de 40 millions de dollars dans l'amélioration des réseaux d'alimentation en eau potable et des réseaux d'égout dans l'ensemble des régions rurales et du Nord du Manitoba.

Au cours des trois dernières années, 45 communautés du Nord ont bénéficié d'un meilleur traitement de l'eau potable et des eaux usées, rendu possible par la contribution de 26,2 millions de dollars de la Province.

L'agrandissement du canal de dérivation créera 3 500 emplois et offrira une protection contre les inondations d'envergure exceptionnelle qui se produisent tous les 700 ans.

Nous estimons qu'il est essentiel de protéger les Manitobains et les Manitobaines contre toute perte financière, qu'elle soit personnelle ou commerciale, causée par une inondation. Ce budget prévoit la création d'une Commission du canal de dérivation de la rivière Rouge. Sa mission consistera à superviser la planification et la mise en œuvre des travaux d'agrandissement du canal, un projet qui créera 3 500 emplois et offrira une protection contre des inondations à récurrence de 700 ans.

La Province et le gouvernement fédéral ont annoncé récemment le versement de 160 millions de dollars pour commencer la première phase des travaux d'agrandissement du canal de dérivation. Ils permettront de doubler la capacité actuelle du canal et comprendront des travaux de dragage et de consolidation des berges du côté nord de la sortie d'eau du canal.

Depuis « l'inondation du siècle », la Province et le gouvernement fédéral ont consacré 110 millions de dollars à la lutte contre les inondations à l'extérieur de Winnipeg. Cette somme a notamment servi à la mise en œuvre d'un ambitieux programme de digue circulaire communautaire qui protège 1 800 maisons et entreprises dans des régions comme Grande-Pointe, Sainte-Agathe, Saint-Pierre-Jolys et Emerson.

Transport

Dans une province aussi grande et aussi variée, du point de vue géographique, que le Manitoba, le transport est un facteur crucial pour le développement économique et la qualité de vie dans chaque région. Notre programme quinquennal de construction routière, qui en est à sa deuxième année, recevra cette année 120 millions de dollars sur les 600 millions prévus pour l'ensemble du projet. Le Budget 2003 comprend également 68 millions de dollars pour l'entretien du réseau routier.

Les régions rurales du Manitoba

L'agriculture et le paysage rural ont connu d'énormes changements au cours des dix dernières années. Nous voulons établir des partenariats afin de fournir de l'aide aux régions rurales du Manitoba, ainsi qu'un cadre à l'intérieur duquel elles peuvent s'adapter à ces changements et poursuivre leur diversification.

Les districts de conservation se sont révélés extrêmement efficaces dans les partenariats entre la Province, les municipalités locales et les agriculteurs. Financés conjointement par la Province et les municipalités, ils ont vu leur nombre passer de neuf à 16 en à peine plus de trois ans.

Depuis l'an 2000, nous avons versé 220 millions de dollars au titre de l'aide aux sinistrés et amélioré le programme d'assurance-récolte.

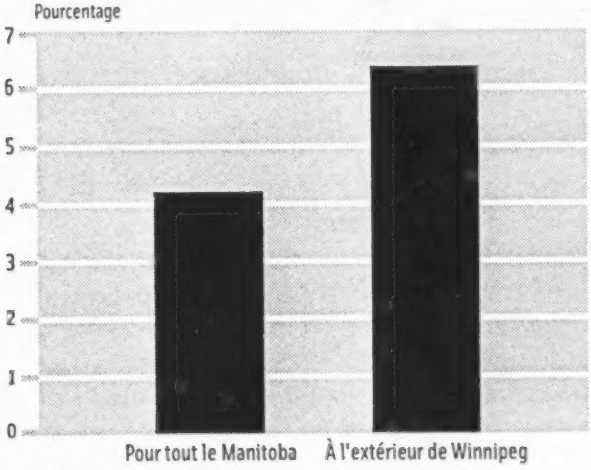
Durant la même période, les districts ont accru de 40 % la part du territoire qu'ils aménagent. De plus en plus, les districts de conservation assument la responsabilité première de la planification de la gestion de l'eau et encouragent les pratiques novatrices en matière d'agriculture et d'aménagement du territoire.

La réduction de la portion taxable des biens agricoles que nous avons introduite permet de redonner sept millions de dollars aux producteurs chaque année. Depuis l'an 2000, nous avons versé 220 millions de dollars aux agriculteurs du Manitoba au titre de l'aide aux sinistrés, et nous avons amélioré la garantie contre l'humidité excessive du programme d'assurance-récolte.

Dans le cadre de notre initiative Pont entre les générations, nous avons investi 14,5 millions de dollars pour faciliter le transfert des exploitations agricoles au sein d'une même famille et pour appuyer la prochaine génération des jeunes familles agricoles. Depuis 1999, nous avons consacré plus de neuf millions de dollars à des projets en région rurale. Il en a résulté plus de 25 millions de dollars d'investissements en immobilisations ainsi que la création de 1 176 emplois.

Parmi les secteurs qui offrent des possibilités aux agriculteurs du Manitoba, l'élevage est un de ceux qui progressent le plus rapidement. Il génère entre 250 et 300 millions de dollars d'investissements chaque année. Nous continuons à collaborer avec l'industrie et les collectivités rurales pour faire en sorte que l'élevage au Manitoba demeure une industrie durable sur le plan de l'environnement.

Augmentation des médecins praticiens autorisés entre 1999 et 2002



Source: Collège médecins et chirurgiens du Manitoba

Ce budget renouvelle notre appui au Projet de mise en valeur de la pêche et au Programme d'aide au transport pour les pêcheurs du Nord. Nous travaillerons avec tous ceux qui tirent leur revenu de la pêche au Manitoba afin de garantir l'avenir de cette industrie.

Dans le Budget 2003, nous continuons d'appuyer l'agriculture et les collectivités rurales grâce :

- à une augmentation de 7,4 % des montants alloués aux programmes de soutien agricole et de gestion de risques;
- à un budget de 43 millions de dollars pour le nouveau Compte de stabilisation du revenu net;
- à Hometown Manitoba, un nouveau programme qui appuie les projets entrepris par des communauté pour rehausser leur fierté locale en embellissant l'apparence des espaces publics et des entreprises;
- à un nouveau Programme de garantie de crédit à l'exploitation qui recueillera 60 millions de dollars en prêts du secteur privé pour couvrir les frais liés à l'exploitation des fermes;
- à des fonds pour l'agrandissement et la rénovation du Centre de développement de produits alimentaires de Portage-la-Prairie;
- à un versement de 6,5 millions de dollars supplémentaires au Programme des routes du grain des Prairies;
- à une hausse de 28 % des subventions d'immobilisations pour que le nombre des districts de conservation continue de s'accroître;
- à la prolongation pendant deux ans de l'exonération de la taxe de vente pour les cuves à purin et le revêtement des étangs d'épuration;
- à notre appui pour l'adoption de mesures obligatoires en matière d'éthanol, mesures qui permettront de trouver de nouveaux marché pour notre grain, de créer de nouveaux emplois dans les collectivités rurales du Manitoba, et de mettre en marché des coproduits à forte teneur en protéines dont bénéficiera notre industrie de l'élevage.

Nous sommes également déterminés à améliorer la qualité de vie de la population rurale grâce à des mesures spécifiques telles que l'augmentation de 13 % de l'aide consacrée aux bibliothèques rurales, l'égalisation des tarifs d'hydroélectricité et l'apport de ressources pour améliorer les centres récréatifs du Pas et de Brandon.

Le Budget 2003 prévoit l'attribution de 35 millions de dollars à des municipalités en dehors de Winnipeg, en vertu du partage provincial-municipal des recettes fiscales, un programme de partage des recettes avec les administrations locales unique au Canada.

Notre gouvernement reconnaît également que la qualité de vie dépend des investissements qui sont effectués dans l'éducation, les soins de santé et l'environnement.

Depuis 1999, nous avons amélioré le recrutement et le maintien des médecins dans les régions rurales. À l'extérieur de Winnipeg, le nombre de praticiens autorisés à exercer est passé de 498 il y a cinq ans à 530 l'année dernière. Nous avons

également accru les services de soins à domicile dans les régions rurales et mis en circulation 70 nouvelles ambulances.

Le Budget 2003 poursuit sur la lancée de ces investissements :

- en installant de nouveaux tomodensitomètres dans les hôpitaux de Steinbach, Boundary Trails et Selkirk;
- en multipliant les services de dialyse à Portage-la-Prairie, Island Lake-Garden Hill et Boundary-Trails;
- en installant de nouveaux appareils médicaux, par exemple un appareil de radiographie assistée par ordinateur, et un analyseur biochimique à l'hôpital de Neepawa.

Communautés autochtones et du Nord

La Stratégie de développement du Nord est fondée sur la conviction que les priorités, les forces et l'expérience des habitants du Nord doivent guider le développement de cette région. Le Budget 2003 accroît le financement accordé au logement, à l'emploi et à la formation, à la santé, aux transports et aux initiatives de développement économique dans le Nord. Pour nous préparer à la construction proposée des centrales électriques d'Hydro-Manitoba, nous engageons la somme de 10 millions de dollars pour le financement d'initiatives de formation préalable destinées aux habitants du Nord. Il s'agit de la première étape d'une initiative de formation de 60 millions de dollars, encore à l'état de projet, qui serait menée conjointement par les Premières Nations, le gouvernement du Manitoba, le gouvernement du Canada et Hydro-Manitoba.

Dans le Budget 2003, nous tenons notre promesse de rétablir intégralement les subventions provinciales destinées à la Manitoba Association of Friendship Centres.

La question du transport est d'une importance primordiale pour le Nord et c'est l'une des priorités exposées dans notre Stratégie de développement du Nord. Le Budget 2003 vient appuyer notre engagement de répondre aux besoins des communautés du Nord en matière de transport. Nous consacrons donc 37 millions de dollars à la construction et à l'entretien des routes; 11,6 millions de dollars à l'exploitation, à l'entretien et aux immobilisations des aéroports et des traversiers; et 5,8 millions de dollars à l'exploitation des chemins d'hiver.

Pour assurer l'accès des habitants du Nord à des services d'ambulance aériens essentiels et fiables, nous avons remplacé l'ancienne ambulance aérienne, en service depuis 24 ans, par une ambulance aérienne de 6,5 millions de dollars, plus récente et pouvant répondre à des urgences dans des situations météorologiques dépassant les capacités de l'ancien aéronef.

L'industrie minière demeure un pilier de l'économie du Nord. Dans le cadre de notre Programme d'aide à l'exploration minière, l'offre de financement la plus récente a généré des propositions d'investissements provenant du secteur privé de l'ordre de 15,2 millions de dollars pour des projets d'exploration minière. Nous accorderons une aide de 1,4 million de dollars au soutien de 41 nouveaux projets d'exploration mis en œuvre par 35 entreprises au Manitoba.

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Le Centre de diversification des ressources forestières du Nord, situé au Pas, est reconnu à l'échelle nationale pour ses travaux visant à aider les habitants du Nord à récolter, à transformer et à commercialiser les produits forestiers autres que le bois. Le Budget 2003 appuie l'expansion des travaux du Centre.

Nous nous sommes engagés à travailler en partenariat avec la Commission canadienne du blé dans le but d'assurer la survie du port de Churchill, le seul port de mer en eau profonde des Prairies. Dans le Budget 2003, nous consacrons jusqu'à un million de dollars au port de Churchill, dans le but d'assurer la continuation des opérations portuaires de la porte d'accès du centre du Canada vers le monde.

Initiatives urbaines

Nous poursuivons la revitalisation et la reconstruction de nos communautés urbaines. Nous avons créé un ensemble dynamique de partenariats avec différents organismes communautaires, avec le secteur privé et les administrations municipales, et avec nos universités et nos collèges.

Winnipeg est une ville aux multiples facettes, d'une grande vitalité, avec des installations de première classe et une qualité de vie incomparable. La Province est heureuse de travailler en étroite collaboration avec l'administration municipale au renouveau du centre-ville et des quartiers de Winnipeg.

Parmi les initiatives majeures en cours à Winnipeg, citons :

- la fin des travaux de construction du campus du collège Red River au centre-ville;
- la Bibliothèque du Millénaire;
- le Complexe récréatif True North;
- la promenade riveraine, dans le Quartier de la Bourse;
- l'agrandissement du stade de baseball CanWest Global ;
- le nouveau siège social d'Hydro-Manitoba, au centre-ville.

Pour encourager la croissance de nos industries cinématographique et phonographique, cette année nous augmentons de un million de dollars notre appui à la Société manitobaine de développement de l'enregistrement cinématographique et sonore.

Le programme Place aux communautés recevra 500 000 $ en fonds supplémentaires, pour améliorer les installations de loisirs communautaires à l'échelle de la province.

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Nous effectuons d'importants investissements communautaires à Brandon et à Thompson. Il y aura bientôt au centre-ville de Brandon 77 unités locatives de plus, nouvelles ou rénovées, pour des familles à faible revenu ou à revenu modeste, ce qui portera à environ 400 le nombre d'unités locatives réhabilitées dans cette ville.

La Province prévoit également du soutien financier pour l'avenir de Brandon grâce à l'expansion du campus du Collège communautaire Assiniboine. Nous finançons actuellement des études de faisabilité sur les diverses options d'expansion possibles.

Dans le cadre du programme Infrastructures Canada-Manitoba, la Province contribue à un nouveau centre communautaire régional à Thompson. Au mois de mars, les responsables du programme Quartiers vivants ont annoncé le versement de fonds pour des locaux à Thompson qui serviront à la fois de garderie et de refuge pour les sans-abri.

L'économie de Brandon a bénéficié des mesures suivantes :

- un projet d'immobilisations de 58 millions de dollars pour le Centre régional de santé de Brandon, l'investissement le plus important jamais fait pour les soins de santé dans l'Ouest du Manitoba;
- l'engagement du gouvernement provincial de fournir des fonds, échelonnés sur plusieurs années, pour le centre Keystone;
- l'appui de la Province à la société Maple Leaf Foods, afin de lui permettre de combler ses besoins en personnel;
- un prêt de trois millions de dollars, afin que la société McKenzie Seeds soit une entité d'appartenance locale;
- des travaux de rénovation, de l'ordre de cinq millions de dollars, des installations de sciences infirmières de l'Université de Brandon;
- un appui financier au programme des Collectivités ingénieuses, dans le cadre duquel des communautés du Manitoba sont reliées à des centres plus importants dans le but ultime de permettre à toutes les régions du Manitoba de tirer avantage de diverses ressources et de la technologie, que ces régions soient éloignées, rurales ou urbaines.

Culture, Patrimoine et Tourisme

Nous avons élaboré des stratégies pour la commercialisation tant de l'industrie en pleine croissance du tourisme d'aventure et de l'écotourisme que du secteur des attractions touristiques culturelles et autochtones, ainsi que de celui du patrimoine.

Le Budget 2003 augmente de 750 000 dollars les fonds consacrés à la commercialisation touristique afin de maintenir notre position concurrentielle sur les marchés clés et d'encourager nos compatriotes manitobains à faire l'expérience des nombreuses attractions touristiques de notre province.

De concert avec le Conseil consultatif sur le tourisme, et conjointement avec les membres de cette industrie, notre gouvernement élabore actuellement une stratégie de développement du tourisme. Un partenariat de prestation des

services permettra de tirer le meilleur parti possible de l'industrie touristique, tant sur le plan économique que communautaire.

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L'appui du Manitoba pour les arts est un des plus importants au pays. Le présent Budget inclut une augmentation globale de 6,1 % des fonds accordés au Conseil des Arts du Manitoba. En partenariat avec le gouvernement fédéral et la Ville de Winnipeg, nous travaillons également à assurer l'avenir de l'Orchestre symphonique de Winnipeg.

Gérance de l'environnement

Tout plan pour l'avenir digne de ce nom doit inclure la gérance de l'environnement parmi ses priorités. Le Manitoba joue un rôle de leader dans plusieurs dossiers environnementaux.

Un nouveau parc provincial sera créé, en plus des parcs provinciaux de la Rivière-Caribou, de la Vallée-de-la-Pembina et du Monastère-des-trappistes que nous avons annoncés récemment. Nous avons pleinement protégé 21 zones entières ou partielles de gestion de la faune, et désigné les réserves de parcs de la Rivière-Manigotagan et du Lac-Paint-Est. Et, dans le but d'appuyer l'industrie de l'écotourisme, nous avons accordé une subvention aux responsables des nids de couleuvres de Narcisse et nous avons lancé une initiative d'observation de la faune.

Nous nous sommes engagés à dépasser les objectifs officiels de réduction des émissions de gaz à effet de serre du Protocole de Kyoto. Le Protocole de Kyoto nous offre un certain nombre de bonnes occasions sur le plan économique. Sur notre continent, le Manitoba est un leader en ce qui concerne la production d'énergie renouvelable propre. Notre plan d'action sur le changement climatique nous permettra de profiter des possibilités que cela représente. Continuant sur la lancée de notre initiative relative à l'éthanol ainsi que des investissements d'Hydro-Manitoba dans la conservation et dans des centrales hydroélectriques écologiques, notre plan d'action encourage la recherche et le développement dans le domaine de l'énergie éolienne, de l'énergie solaire, des piles à hydrogène et des pompes à chaleur géothermique. Cette diversification met à profit nos points forts et crée des emplois, en plus d'être favorable à l'environnement.

Nous élargissons le cadre du crédit d'impôt à l'investissement manufacturier en y incluant l'investissement des entreprises dans du matériel qui utilise l'énergie de façon plus efficiente, ou qui produit de l'énergie à des fins de consommation interne à partir de sources favorables à l'environnement, telles l'énergie éolienne. Grâce à cette mesure, les entreprises du Manitoba seront plus concurrentielles, puisqu'elles profiteront d'une réduction de leurs coûts en énergie, la pollution sera réduite et le Canada sera mieux placé pour satisfaire à ses objectifs dans le cadre du Protocole de Kyoto.

Nous avons annoncé récemment un plan d'action provincial de protection du lac Winnipeg. Ce plan comprend la création du Conseil de gestion du lac Winnipeg, ainsi que l'établissement de nouveaux règlements pour prévenir l'érosion riveraine et réduire l'écoulement des nutriants.

Le Protocole de Kyoto nous offre un certain nombre de bonnes occasions sur le plan économique.

Nous poursuivons le processus d'aménagement de la rive est du lac Winnipeg, faisant appel à la participation à grande échelle de la population, dans le but d'améliorer le transport et de créer un plus grand nombre de possibilités sur le plan de l'économie, d'une manière qui est durable et qui correspond aux objectifs et aux valeurs de la communauté.

Le Budget 2003 donne suite à notre engagement d'assurer le lotissement de plus de 1 000 nouveaux chalets et la création de plus de 1 900 nouveaux emplacements de camping, en investissant 750 000 $ dans le lotissement de terrains destinés à des chalets et l'aménagement d'emplacements de camping, tant à l'intérieur qu'à l'extérieur des parcs provinciaux.

Un lien vers l'avenir

Le Budget 2003 est axé sur les priorités des Manitobains : il maintient une économie robuste et bâtit des systèmes éducationnel et de soins de santé solides. Il établit également

un lien vers l'avenir. Dans ce qui représente un renversement de la tendance des années 1990, plus de jeunes choisissent maintenant de s'établir ici. Le Budget 2003 prévoit un ensemble de mesures visant à encourager davantage nos jeunes à demeurer au Manitoba, y compris :

- un nouveau crédit d'impôt de 10 %, jusqu'à concurrence de 1 000 $ par élève, pour les employeurs qui embauchent un étudiant participant à un programme d'enseignement coopératif, une mesure qui permettra aux employeurs d'attirer des élèves inscrits dans des programmes de formation reconnus du Manitoba ou de l'extérieur de la province;
- le doublement de la période libre d'intérêt dans le cas des prêts étudiants du Manitoba, période qui passe de six mois à un an;
- une nouvelle réduction des impôts sur le revenu des particuliers pour la tranche intermédiaire d'imposition.

Nouvelles réductions fiscales

Depuis le Budget de l'an 2000, nous avons introduit chaque année des réductions fiscales importantes et durables. Je suis heureux d'annoncer aujourd'hui de nouveaux allègements fiscaux, tant pour les particuliers que pour les entreprises.

Parmi les points saillants de nos nouvelles réductions de l'impôt sur le revenu des particuliers, mentionnons les éléments suivants :

- la diminution de 6 % du taux de prélèvement dans la tranche d'imposition intermédiaire représente une économie annuelle de presque 40 millions de dollars pour les contribuables ;
- le total des réductions de l'impôt sur le revenu des particuliers depuis le Budget de l'an 2000 se chiffre maintenant à 220 millions de dollars – la réduction en quatre budgets consécutifs la plus importante de l'histoire du Manitoba.

En 2004, grâce à ces réductions, une famille de quatre personnes, à revenu unique s'élevant à 60 000 $, réalisera une épargne annuelle de plus de 1 400 $.

Notre gouvernement reconnaît le fardeau financier particulier de beaucoup de personnes âgées qui doivent payer un impôt foncier. Je suis heureux d'annoncer aujourd'hui que le montant maximal du crédit d'impôt foncier du Manitoba en matière d'éducation pour les personnes âgées passera de 775 $ à 800 $. Les personnes âgées et les autres contribuables bénéficieront également de mesures de réduction de l'impôt foncier, y compris :

- la continuation de l'élimination graduelle de la taxe résidentielle d'aide à l'éducation ; réduite de 27 % au cours des deux dernières années, elle permet maintenant aux contribuables d'épargner 27 millions de dollars chaque année ;
- l'augmentation de 150 $ du crédit d'impôt foncier du Manitoba en matière d'éducation, lequel permet maintenant aux contribuables d'épargner 53 millions de dollars chaque année.

En 2003, nos réductions de la taxe d'aide à l'éducation feront épargner au propriétaire d'une maison de 125 000 $ la somme de 119 $. Si on y ajoute l'augmentation de 150 $ du crédit d'impôt, ledit propriétaire réalise maintenant une épargne de plus de 250 $ chaque année.

Conjointement, nos réductions de l'impôt foncier et de l'impôt sur le revenu des particuliers permettront aux Manitobains et aux Manitobaines de réaliser une épargne annuelle de 300 millions de dollars, ce qui représente un allègement fiscal de taille pour nos contribuables et pour leurs familles.

Montant du crédit d'impôt foncier en matière d'éducation pour les personnes âgées, 1999 et 2003

Revenu	1999	2003	Augmentation
15 000 $	475 $	650 $	175 $
20 000 $	425 $	600 $	175 $
25 000 $	375 $	550 $	175 $
30 000 $	325 $	500 $	175 $
35 000 $	275 $	450 $	175 $
40 000 $ et plus	250 $	400 $	150 $

Impôt sur les bénéfices des sociétés

Au cours des trois dernières années, le taux d'imposition des bénéfices des petites entreprises a été réduit de 37 %. Nous avons relevé le plafond de revenu admissible au taux d'imposition dont bénéficient les petites entreprises. Nous avons présenté la première diminution du taux général de l'impôt sur les bénéfices des sociétés depuis la Deuxième Guerre mondiale, une diminution qui se poursuivra jusqu'à l'an 2005. Dès le 1er janvier 2004, ce taux d'imposition baissera à 15,5 %.

Poursuivant sur la lancée de nos réductions précédentes de l'impôt sur les bénéfices des petites et des grandes entreprises, je suis heureux d'annoncer de nouveaux allègements fiscaux pour les entreprises qui accroissent activement leurs opérations commerciales au Manitoba. Le Budget 2003 comporte les mesures suivantes :

- une exemption pour toutes les corporations de payer l'impôt sur leurs premiers cinq millions de dollars de capital investi. Ceci encouragera les entreprises de toute taille à investir, et profitera particulièrement aux petites entreprises en expansion qui seront dorénavant confrontées à une imposition bien moindre lorsque leur capital dépassera pour la première fois les cinq millions de dollars ;
- la prolongation de trois ans du crédit d'impôt à l'investissement manufacturier, lequel s'est avéré un outil efficace de promotion des investissements dans le secteur vaste et diversifié de la production manufacturière au Manitoba. Ce crédit a pris de l'ampleur et il s'applique maintenant aux entreprises qui se procurent du matériel éconergétique.

État comparatif des recettes, des dépenses et des transferts, et solde budgétaire

2003-2004 et 2002-2003

	Budget 2003-2004	Prévisions 2002-2003	Budget 2002-2003	Écart positif/(négatif) entre les prévisions 2002-2003 et le budget 2003-2004		Écart positif/(négatif) entre le budget 2002-2003 et le budget 2003-2004	
		(Millions de dollars)		(Millions de dollars)	%	(Millions de dollars)	%
Recettes							
Autonomes	4 806	4 598	4 579	208	4,5	227	5,0
Transferts fédéraux	2 508	2 242	2 362	266	11,9	146	6,2
Recettes extraordinaires – Hydro-Manitoba (2001-2002)	0	150	0	-150		0	
Total des recettes	7 314	6 990	6 941	324	4,6	373	5,4
Dépenses							
Programmes	6 925	6 632	6 560	293	4,4	365	5,6
Service de la dette	331	335	368	-4	-1,2	-37	10,1
Total des dépenses	7 256	6 967	6 928	289	4,1	328	4,7
Recettes nettes	58	23	13	35		45	
Transferts interfonds							
Remboursement de la dette et de l'obligation découlant des régimes de retraite	-96	-96	-96	0		0	
Fonds de stabilisation des recettes	48	77	93	-29		-45	
Solde, conformément aux mesures législatives sur l'équilibre budgétaire	10	4	10	6		0	

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Un plan financier responsable

Nous prévoyons pour l'exercice 2002-2003 un solde positif de quatre millions de dollars, conformément aux mesures législatives sur l'équilibre budgétaire, et l'affectation de 96 millions de dollars au remboursement de la dette et à la réduction de l'obligation découlant des régimes de retraite, affectation à laquelle les 77 millions de dollars prélevés en 2002-2003 sur le Fonds de stabilisation des recettes contribueront intégralement.

Conformément aux mesures législatives sur l'équilibre budgétaire, le Budget 2003 prévoit un solde positif de dix millions de dollars. Pour la quatrième année consécutive, la Province engagera 96 millions de dollars au remboursement de la dette et à la réduction de l'obligation découlant des régimes de retraite et, à cette fin, 48 millions de dollars seront prélevés sur le Fonds de stabilisation des recettes.

Notre gouvernement a équilibré le budget chaque année de son mandat tout en affectant, au total, 384 millions de dollars au remboursement de la dette et à la réduction de l'obligation découlant des régimes de retraite. Alors que d'autres administrations gouvernementales ont produit un déficit et annulé ou remis à plus tard les versements visant le remboursement de leur dette, nos quatre budgets consécutifs nous ont fait accomplir de grands progrès dans ce domaine. Nous avons pris l'engagement d'améliorer l'efficience gouvernementale et de veiller à ce que les fonds provenant des contribuables servent de façon efficiente à la prestation des programmes ayant la plus grande priorité. Une initiative interministérielle examinera bientôt nos activités et nos procédures. Au cours de la prochaine année, les ministères se verront mis au défi de justifier leurs dépenses, d'améliorer leurs méthodes et d'offrir aux Manitobains les services qui leur sont les plus nécessaires. Cette initiative permettra de réduire les coûts et d'augmenter les économies en cours d'exercice.

Pour la quatrième année consécutive, la Province engagera 96 millions de dollars au remboursement de la dette et à la réduction de l'obligation découlant des régimes de retraite.

Au cours des quatre dernières années, l'obligation de rendre compte à la population du Manitoba a été mieux observée par la présentation de rapports plus transparents et plus complets. Nous avons produit le premier rapport gouvernemental annuel – un élément essentiel du cycle de l'obligation redditionnelle – et nous avons introduit de meilleures pratiques comptables au chapitre de l'acquisition d'immobilisations. En plus des états financiers abrégés, nous présentons maintenant des budgets sommaires annuels qui se

Cadre financier à moyen terme

	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
			(Millions de dollars)		
Recettes	6 990	7 314	7 471	7 715	7 997
Dépenses					
Programmes	6 632	6 925	7 056	7 198	7 342
Coût de la dette publique	335	331	348	365	365
Total	6 967	7 256	7 404	7 563	7 707
Recettes nettes	23	58	67	152	290
Transferts interfonds					
Remboursement de la dette et de l'obligation découlant des régimes de retraite	-96	-96	-96	-115	-115
Fonds de stabilisation des recettes	77	48	39	-27	-165
Solde, conformément aux mesures législatives sur l'équilibre budgétaire	4	10	10	10	10

Le Cadre financier à moyen terme reflète les hypothèses et les prévisions actuelles. Si les circonstances futures s'en éloignent, les décisions budgétaires refléteront les nouvelles circonstances.

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rapportent à l'ensemble de l'entité comptable de l'administration publique, y compris en ce qui concerne l'obligation, non capitalisée pendant 40 ans, découlant des régimes de retraite.

Les milieux financiers internationaux ont reconnu notre gestion prudente des quatre dernières années.

Plus tôt au cours de l'année, l'agence Moody's nous a accordé une meilleure cote de crédit, la faisant passer de Aa3 à Aa2. Le coût du service de la dette est moins élevé, ce qui laisse plus de recettes fiscales pour les programmes publics prioritaires. L'agence Moody's a déclaré que « le cadre financier prudent de la Province est bien établi et devrait continuer à produire des résultats positifs et donc à réduire davantage le fardeau de la dette au cours des prochaines années ».

En 1961, le gouvernement du Manitoba a décidé de ne plus capitaliser les régimes de retraite de ses fonctionnaires et des enseignants. En 1990, l'obligation découlant des régimes de retraite atteignait 1,2 milliard de dollars et, en 1999, 2,7 milliards. Si rien n'était fait, l'obligation atteindrait bien plus de 10 milliards d'ici l'an 2035.

En l'an 2000, nous avons agi sans attendre en présentant le premier plan de l'histoire de la Province pour s'attaquer à l'obligation découlant des régimes de retraite. Et nous continuons d'agir. En plus des fonds que le Budget 2003 consacre au remboursement de la dette et à la réduction de l'obligation découlant des régimes de retraite, nous exigeons maintenant de chaque ministère ou organisme gouvernemental la capitalisation intégrale du régime de retraite de chaque nouveau fonctionnaire qu'ils embauchent. Moody's a pris note de notre démarche, en déclarant que le Manitoba « avait pris des mesures pour confronter l'obligation provinciale non capitalisée découlant des régimes de retraite, ce qui permettra une plus grande souplesse financière à l'avenir ».

Le cadre financier à moyen terme prévoit la continuation de l'équilibre budgétaire. Il y aura des défis à relever là où s'exerce la pression des coûts, comme dans le domaine des soins de santé. Et la croissance des recettes sera affectée par les événements, tant nationaux qu'internationaux.

Conclusion

Comme dans nos budgets précédents, nous concentrons nos efforts sur les priorités des Manitobains et Manitobaines. Notre plan comprend :

- de bonnes écoles et une formation solide visant la réussite;
- des services de la santé publique de qualité;
- des familles en bonne santé habitant des communautés sûres;
- une économie novatrice qui offre de véritables possibilités;
- un gouvernement à la mesure de nos moyens.

Nous avons accompli des avancées importantes dans chacun de ces secteurs. Pour la quatrième année consécutive, nous présentons un budget équilibré, nous contribuons au remboursement de la dette et à la réduction de l'obligation découlant des régimes de retraite, nous réduisons les impôts et nous engageons des investissements stratégiques dans les secteurs de l'éducation, des soins de santé et des communautés.

Grâce à ces investissements, nous générons de nouvelles et remarquables possibilités dans le domaine de l'éducation, nous développons des technologies de soins de santé, nous diversifions notre secteur agricole et nous profitons d'une gamme de nouvelles sources d'énergie propre.

Le Manitoba est l'un des meilleurs endroits où habiter au monde. Les communautés y vivent en sécurité, le coût de la vie y est bas et la qualité de vie y est grande. Notre économie est solide. Avec ce budget, nous continuons à profiter des avantages de notre province pour encourager les jeunes à demeurer ici, au Manitoba, et attirer les nouveaux venus en nombre toujours grandissant. Le Budget 2003 a pour objectif de multiplier les possibilités d'aujourd'hui tout en bâtissant l'avenir.

MANITOBA

2003

CE QUE LE BUDGET DU MANITOBA SIGNIFIE POUR VOUS

BÂTIR L'AVENIR

MESSAGE DU MINISTRE

Pour la quatrième année consécutive, notre gouvernement a réduit les impôts, équilibré le budget, remboursé la dette et réalisé des investissements stratégiques dans l'éducation, les soins de santé et les communautés.

Avec le Budget 2003, nous mettons à profit ces importants accomplissements en demeurant à l'écoute des Manitobains et Manitobaines et de leurs priorités :

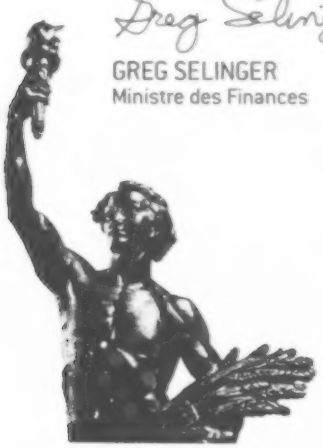
- donner de l'espoir aux jeunes et leurs offrir plus de possibilités;
- continuer à améliorer le système de soins de santé;
- revitaliser les communautés;
- moderniser l'économie;
- assurer un gouvernement à la mesure de nos moyens.

Le Budget 2003 est axé sur ces priorités. En ces temps incertains, nous bâtissons l'avenir, tout en donnant à la population manitobaine d'aujourd'hui la possibilité d'une meilleure vie.

Pour en savoir plus sur le Budget 2003, je vous invite à visiter notre site Web : www.gov.mb.ca

Greg Selinger

GREG SELINGER
Ministre des Finances



INVESTIR DANS NOTRE AVENIR

OFFRIR DES POSSIBILITÉS AUX JEUNES DU MANITOBA

Une stratégie d'éducation dynamique permet de bâtir une économie solide. Supprimer les obstacles et créer plus de possibilités d'apprentissage pour les jeunes du Manitoba ont constitué l'une des priorités des trois derniers budgets.

Depuis 1999, les inscriptions ont augmenté de 22,5 % dans les établissements d'enseignement postsecondaire et le Manitoba compte plus de jeunes travailleurs aujourd'hui qu'à n'importe quel moment des années 1990. Le Budget 2003 continue à bâtir l'avenir en donnant à un plus grand nombre de jeunes la possibilité d'étudier et de rester au Manitoba.

- Le Budget 2003 prévoit un nouveau crédit d'impôt de 10 %, jusqu'à un maximum de 1 000 $ par élève, pour encourager les employeurs à embaucher des étudiants participant à un programme d'enseignement coopératif.
- Les droits de scolarité dans les universités et les collèges continueront d'être 10 % inférieurs à leur niveau de 1999.
- La période libre d'intérêt est doublée dans le cas des prêts étudiants du Manitoba, de six mois à un an.
- La continuation du soutien accordé au programme de bourses introduit en 2000 permettra à plus de jeunes de recevoir la formation qu'ils veulent faire et dont ils ont besoin.
- Partout dans la province, les collèges sont réaménagés et offrent un plus grand choix de programmes. Le Budget 2003 continue à appuyer l'expansion des collèges, avec un investissement total de plus de 22 millions de dollars.
- Reconnaissant qu'un système d'éducation solide est la base d'un avenir prospère, le Budget 2003 augmente de 23,8 millions de dollars le financement accordé à l'éducation publique.
- Plus de 50 millions de dollars seront consacrés à la rénovation et à la construction d'écoles publiques du Manitoba cette année.

SANTÉ : CONTINUER SUR NOTRE LANCÉE

Le Budget 2003 consacre 3 milliards de dollars à la consolidation du système de soins de santé public, afin de vous offrir plus de services essentiels au moment où vous en avez besoin.

- Plus de 1 300 élèves additionnels sont actuellement inscrits dans le programme de sciences infirmières, par rapport à 1999.
- Le Budget 2003 consacre 47,1 millions de dollars à l'achat d'équipement médical afin de réduire les délais d'attente de tests.
- Le plus grand projet d'immobilisations dans le domaine de la santé de toute l'histoire du Manitoba permettra de doter le Centre des sciences de la santé de nouveaux services des urgences pour adultes et enfants, de salles d'opération et de services de soins intensifs et de soins coronariens.
- Le Budget 2003 consacre des ressources additionnelles au programme provincial de lutte contre le virus du Nil occidental, qui est reconnu au niveau national.
- Une plus grande aide financière est consacrée aux programmes communautaires tels que les soins à domicile et les centres d'accès communautaires à River East et à Transcona qui fournissent des services sociaux et de santé.
- Des agrandissements hospitaliers et d'importants achats d'équipement ont été effectué dans des collectivités telles que Brandon, Thompson, Neepawa, Beauséjour, Gimli, Island Lake et Swan River.

RENFORCER LES FAMILLES

C'est sur la solidité des familles que repose la réussite du Manitoba. Les familles sont une priorité du Budget 2003, qui leur fournit les outils nécessaires pour continuer à bâtir l'avenir.

- Le financement des services de garde d'enfants demeure une priorité et augmente de 6 millions de dollars cette année, ce qui constitue une augmentation globale de 22,3 millions de dollars, soit 41,5 %, sur quatre ans.
- Des ressources additionnelles sont consacrées à la prévention du syndrome d'alcoolisme fœtal.
- Le Budget 2003 offre une aide supplémentaire de deux millions de dollars aux enfants souffrant d'incapacités.
- À partir de janvier 2004, nous rendrons à toutes les familles qui bénéficient de prestations d'aide à l'emploi et au revenu l'intégralité de la Prestation nationale pour enfants.

CRÉER UNE FONDATION ÉCONOMIQUE SOLIDE

Le Budget 2003 prévoit l'équilibre budgétaire et poursuit le remboursement de la dette, afin de conserver le plan économique à long terme du Manitoba sur la bonne voie.

- Le Budget est équilibré, avec un solde positif de 10 millions de dollars.
- Pour la quatrième année de suite, 96 millions de dollars sont affectés au remboursement de la dette et des obligations découlant des régimes de retraite.
- Nous effectuons de nouveaux investissements importants dans les secteurs de la santé et de l'éducation tout en maintenant les dépenses globales au-dessous de cinq pour cent.
- La cote de crédit du Manitoba est meilleure aujourd'hui qu'en 1999, la société Moody's Investors Service l'ayant récemment fait passer au niveau Aa2 en raison de notre solide croissance économique, de notre performance budgétaire équilibrée et de la réduction du fardeau de notre dette.

BÂTIR UNE ÉCONOMIE INTELLIGENTE

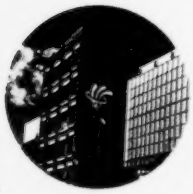
Grâce à sa performance économique remarquable en 2002, le Manitoba a enregistré le taux de chômage le plus faible dans tout le Canada, y compris chez les jeunes. Le Manitoba est l'une des deux seules provinces canadiennes à connaître quatre années consécutives de croissance des investissements dans le secteur privé.

- Le Budget 2003 augmente les subventions de recherche et d'innovation dans des secteurs tels que la biotechnologie, la transformation des aliments et la technologie de l'information à plus de 12 millions de dollars.
- Manitoba Hydro aide à attirer des entreprises de technologie de pointe dans la province, en continuant d'offrir les tarifs d'hydroélectricité les plus bas de toute l'Amérique du Nord.
- Une augmentation de 7,4 % des montants alloués aux programmes de gestion de risques et de soutien agricole aidera les agriculteurs manitobains dans la diversification de leurs activités.
- Le réseau routier du Manitoba sera davantage modernisé pendant cette deuxième année du programme sur cinq ans de construction des routes, dont le financement s'élève à 600 millions de dollars.
- Le crédit d'impôt à l'exploration minière de 10 % continuera de favoriser une expansion de l'industrie minière au Manitoba.

BÂTIR UN AVENIR PLUS VERT

La population du Manitoba est prête à profiter de la tendance mondiale à adopter des sources d'énergie plus écologiques. Les investissements réalisés dans l'énergie hydroélectrique, l'industrie de l'éthanol et les technologies axées sur les ressources énergétiques permettront de créer des emplois, de diversifier l'économie rurale et d'accroître les exportations.

- L'installation de nouvelles centrales électriques dans le Nord du Manitoba pour faire face à la demande internationale d'énergie propre génèrera des emplois et des possibilités pour les habitants de cette région.
- Le développement de l'industrie de l'éthanol donne un coup de pouce à l'environnement et à l'économie rurale en encourageant une plus grande production et utilisation de l'éthanol.
- La création d'un nouveau parc provincial s'ajoutera aux trois inaugurations de parcs qui ont eu lieu depuis 1999, ainsi qu'aux plus de 20 zones protégées et autres initiatives qui visent la préservation des espaces naturels pour les générations à venir.
- Le Budget 2003 appuie l'expansion des projets mis en œuvre par le Centre de diversification des forêts du Nord, lesquels aident les habitants du Nord à profiter des marchés internationaux pour vendre des produits forestiers autres que le bois.
- La création d'un plus grand nombre de lotissements pour chalets et de nouveaux terrains de camping permettra à plus de Manitobains et Manitobaines de profiter de notre environnement naturel.
- Les entreprises recevront maintenant un crédit d'impôt pour l'achat de matériel qui utilise l'énergie de façon plus efficiente.

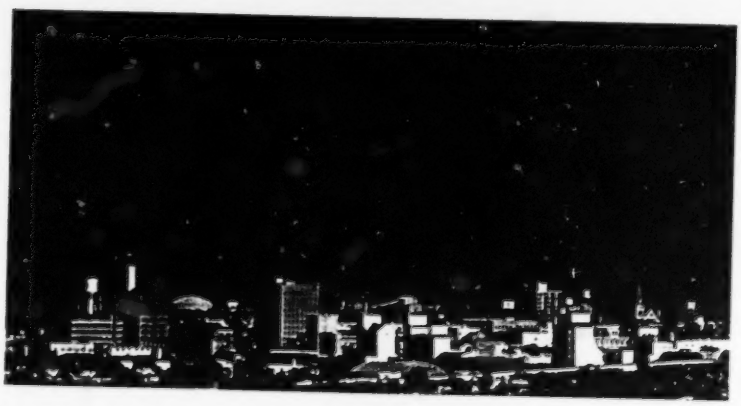


FAVORISER LA SOLIDITÉ ET LE DYNAMISME DES COMMUNAUTÉS

Les projets tels que celui du campus du centre-ville du collège Red River et le projet de rénovation et expansion du Keystone Centre à Brandon contribuent à la revitalisation de nos communautés.

Le Budget 2003 continue à soutenir d'autres initiatives importantes, y compris la Bibliothèque du Millénaire, la promenade riveraine dans le Quartier de la Bourse à Winnipeg et le projet de 58 millions de dollars pour le Centre régional de santé de Brandon.

- La nouvelle Commission du canal de dérivation supervisera l'expansion du canal, un projet qui offrira une protection contre des inondations d'envergure exceptionnelle qui se produisent tous les 700 ans et permettra la création de 3 500 emplois.
- Le Budget 2003 consacre des fonds à la nouvelle entente de 50,8 millions de dollars concernant le logement à prix abordable signée avec le gouvernement fédéral, laquelle créera 2 500 nouveaux logements pour les familles manitobaines à revenu faible.
- Un appui financier soutenu permettra aux résidents de vieux quartiers de revitaliser leurs communautés grâce à des initiatives telles que les programmes Quartiers vivants et Renforcement des collectivités. Depuis 1999, le prix des logements dans les vieux quartiers a augmenté de jusqu'à 60 % grâce à ces programmes.
- Le financement accru consacré aux avocats de la Couronne et aux activités policières aidera à faire obstacle aux bandes de rue, au crime organisé et aux vols d'automobiles.
- La mise en place de programmes de santé et sécurité nous aidera à atteindre notre objectif de réduire le nombre d'accidents du travail de 25 %.
- Le Budget 2003 prévoit du soutien financier pour l'initiative Pont entre les générations, dans le cadre duquel 14,5 millions de dollars ont déjà aidé les agriculteurs à transmettre leurs exploitations agricoles familiales à une nouvelle génération de résidents ruraux.
- Le nouveau programme Hometown Manitoba sera mis en oeuvre pour encourager la rénovation des places publiques du centre-ville et des façades extérieures dans des collectivités rurales et du Nord.
- Le financement accordé aux projets de drainage connaîtra une hausse de 1 million de dollars.



RÉDUIRE LES IMPÔTS POUR LA POPULATION DU MANITOBA

Nous avons réduit les impôts pour la quatrième année consécutive. Le contribuable manitobain moyen verra une baisse de 14 % de l'impôt provincial sur le revenu d'ici l'an 2004.

- Le prélèvement fiscal dans la nouvelle tranche d'imposition intermédiaire est diminué de 6 %, soit 40 millions de dollars par an.
- Le taux d'imposition des contribuables à revenu moyen baissera l'an prochain pour atteindre 14 %, ce qui offre un allègement considérable par rapport au taux de 1999, qui était de 16,6 %. Cela représente une économie annuelle supplémentaire de près de 40 millions de dollars pour les contribuables manitobains.
- Au cours des deux dernières années, le montant versé par les contribuables manitobains au chapitre de la taxe d'aide à l'éducation a baissé de 27 %.
- Le crédit maximum d'impôt foncier du Manitoba en matière d'éducation destiné aux aînés passera de 775 $ à 800 $.
- Les entreprises en pleine croissance bénéficieront de nouvelles économies au chapitre de l'impôt sur le capital des corporations.
- Le Budget 2003 prévoit une prolongation du crédit d'impôt à l'investissement manufacturier pendant encore trois ans.
- Le plafond d'admissibilité des entreprises au taux d'imposition des petites entreprises augmente pour passer à 360 000 $.
- Les réductions de l'impôt sur le revenu des particuliers et des impôts fonciers des 4 derniers budgets permettront aux contribuables d'économiser 300 millions de dollars par an.

CE QUE LA RÉDUCTION D'IMPÔT SIGNIFIE POUR VOUS

FAMILLE DE QUATRE, UN SALAIRE, REVENU DE 60 000 $

RÉDUCTIONS D'IMPÔT EN 2003*

Allègement de l'impôt sur le revenu des particuliers	1 181 $
Augmentation du crédit d'impôt foncier du Manitoba en matière d'éducation	150 $
Réduction de la taxe d'aide à l'éducation	94 $
Réduction totale des impôts provinciaux	**1 425 $**

une économie de 18 %

*Comparativement à 1999

Consultez le Calculateur d'économies d'impôt personnel du site Web du Budget du Manitoba : www.gov.mb.ca